

Funeral Insurance

Funeral Insurance Policies are designed to meet unexpected funeral costs and are only to be paid upon death. Policies only cover death by accident in the first twelve months.

When you first take out funeral insurance it may cost less than a cup of coffee a week, but some premiums rise and accumulate as you age. It's important that you read the fine print and consider your options before making a commitment

As an example, if you take out a \$6,000 funeral insurance policy when you're 60, by the time you're 75 you may have paid more in premiums than the value of your benefit. And if you live to 90 years of age, you' may pay between \$64,000 and \$84,000 in premiums.

We encourage people to ensure they're making informed decisions on how to pre-finance their funeral by exploring all the options. Do your research and don't take just one person's word for it.

Australian Funeral Directors Association (AFDA)

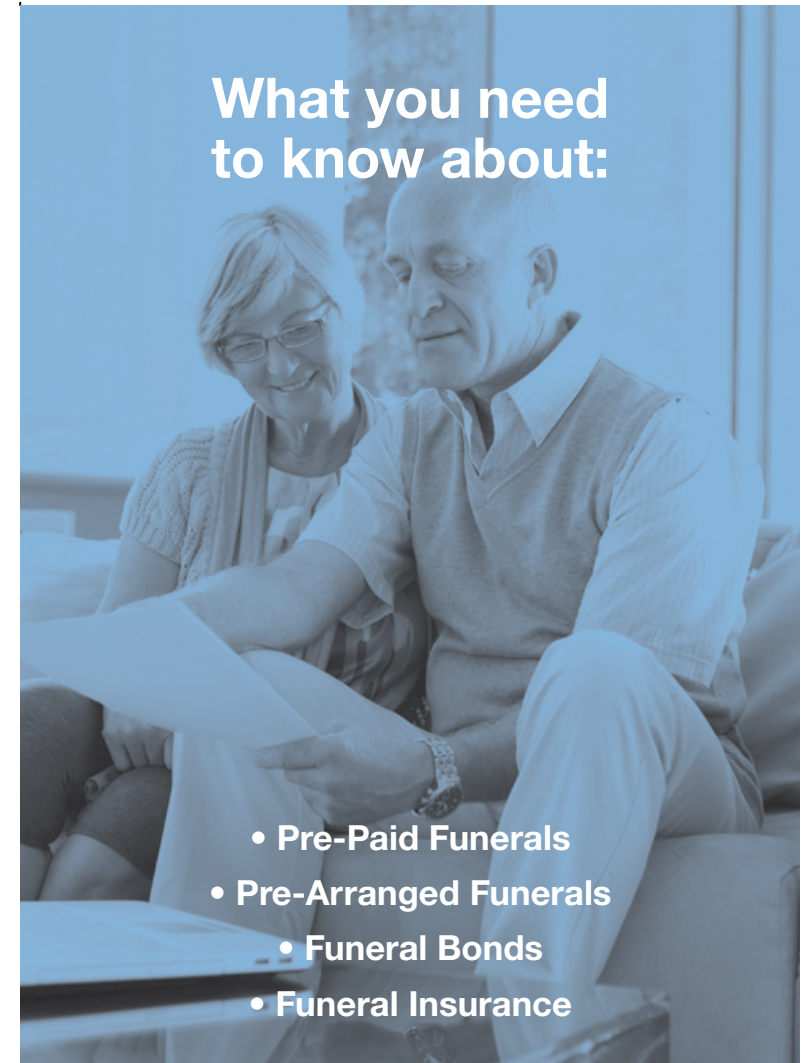
For your own peace of mind, select a Funeral Director who is an Accredited Member of the Australian Funeral Directors Association (AFDA), which requires its Members to honour a strict Code of Ethics and Practice.

For more information or to find an Accredited Member of the AFDA, our website www.afda.org.au provides contact details for all Accredited Members or alternatively call 1300 888 188 for assistance in locating an accredited AFDA Member in your area.

Is your Funeral Director an Accredited Member of the AFDA?



www.afda.org.au
1300 888 188



What you need to know about:

- Pre-Paid Funerals
- Pre-Arranged Funerals
- Funeral Bonds
- Funeral Insurance



AFDA National Office
Level 1, 700 High Street
(PO Box 291)
KEW EAST VIC 3102
Phone: 03 9859 9966
Fax: 03 9819 7390
Email: info@afda.org.au
Website: www.afda.org.au

When faced with having to make funeral arrangements, most people have no prior experience in organising such an event, and little knowledge of what to do.

Funeral Directors can alleviate this burden for you by providing a range of services, allowing you to choose an appropriate funeral that will be conducted professionally, and with dignity.

A funeral is a celebration of one's life and the role of the Funeral Director is to assist in every way possible to ensure the wishes of the family and the deceased are fulfilled.

A **Pre-Paid Funeral** is where the family and funeral director establish the funeral requisites and services they wish to contract and pay for now at today's prices, for provision at a future date. The cost of the funeral is fixed, regardless of future price increases. All States with the exception of Western Australia and the Territories of ACT and NT have enacted specific prepaid funeral fund legislation. These State Acts regulate the investment activities of funeral funds ensuring that pre-paid funeral monies are managed at arm's length (independently) from the funeral director.

Payment of a pre-paid funeral may be made in one lump sum or through a payment plan. It is important that families are advised of a pre-paid funeral contract and that arrangements have been made in advance. Copies of the pre-paid funeral contract should be provided to members of the family, or filed with the will and other important documents.

Benefits of a Pre-Paid Funeral Plan

- You can protect your loved ones from unnecessary stress related to making difficult decisions at an emotional time
- Your family will be relieved from any financial burden
- It makes good financial sense. By making all of your choices now, you can fix the price of your funeral at today's costs
- You can ensure that your exact wishes are made known and are carried out
- You may be able to maximise your pension entitlement. Any money spent on a Pre-Paid Funeral Plan is not subject to the income and assets test or the deemed earnings roles (according to current legislation)
- Pre-paying provides reassurance for you and your family

A **Pre-Arranged Funeral** is where the family and Funeral Director establish the funeral requisites and services which they may utilise in the future. Information that may be required include: the contact person after your death, important personal information including marriage(s), children, parental details, which will be recorded on a death certificate. Decisions can also be made regarding the location of the funeral service, burial or cremation options, nominated clergy or celebrant to conduct the service, and personal wishes including readings, pallbearers, flowers, donation requests and music. Payment of the funeral is made when the service is conducted.

Some of the details you will need to consider when pre-planning a funeral are:

- the type and style of funeral
- whether you would prefer burial or cremation
- which cemetery or crematorium
- the type and style of coffin or casket
- the type of death notices, mourning vehicles and flowers
- special features in the service, such as a poem or piece of music
- the wishes of your family and friends
- how much you would like to spend

How can your AFDA Funeral Director help?

Your Funeral Director can guide you through the planning process, explaining the products and services available and the costs involved.

You can arrange to meet your Funeral Director either at their office or in the comfort of your own home, whichever you find more convenient.

Funeral 'pre-planning' or 'pre-payment' can be completed through an appointment with a Funeral Director. Alternatively some firms provide an online service.

Funeral Costs

Generally there are five cost components of a funeral:

1. the 'professional service' fees from the Funeral Director which include each of the tasks and services involved in arranging, planning and conducting a funeral
2. the 'coffin or casket' costs which can vary based on the construction and type, quality, finish and style that has been chosen
3. 'cemetery and crematoria' charges which are set by individual cemeteries and crematoria and will not vary between funeral companies
4. options to 'celebrate a life', which may include: visual presentations, service booklets, thank you cards and memorial books
5. other third part disbursements payable may include newspaper notices, floral tributes, celebrant or clergy fees, music and catering.

The costs associated with a funeral vary due to the numerous choices available, which allow a true reflection of personal, cultural and religious needs.

Funeral Bonds

A Funeral Bond is a special purpose way to set aside money to help cover your eventual funeral costs. Money invested in a bond can only be used for this purpose, and is only paid out on death.

Funeral Bonds are a rock-solid investment, backed by a capital guarantee. However, they are also a very flexible and portable investment, which does not tie you to a fixed location.

The current maximum amount that can be invested in a funeral bond is \$11,000 indexed annually.

Benefits of Funeral Bonds

- No entry or exit fees
- Social Security and Veteran's Affairs exempts money invested in the bond from the means tests for government benefits
- Earnings from the bond do not affect your personal income tax position.