

10 Ways to Pay for a Funeral or Cremation



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It's important to plan ahead for covering a loved one's funeral expenses, but it's also crucial to regularly review and update your plans to ensure they remain effective.

While some funeral homes may offer short-term payment plans ranging from 30 to 60 days, typically payment for funeral services must be arranged beforehand. However, families have navigated this process before, and solutions are available.

Let's Ask First: Have You Pre-Planned?

If you have, that's great! If you have pre-planned, you should continue to explore new financial options that could save money, while also reviewing existing arrangements to ensure they keep up with rising costs. Even long-term agreements should be periodically reviewed in light of current circumstances. Experienced funeral planners understand that costs and preferences evolve, so they incorporate opportunities for reviews into pre-planning processes for individuals and families.



Include everyone who will be involved after a person's passing when planning a funeral in advance. Transparency and communication are vital in this aspect of financial and

estate planning. Understand the desired arrangements, associated costs, and identify the funding sources for these final expenses.

Ensure that during advance planning, you keep relevant parties informed, including family attorneys, CPAs, and insurance agents who may be involved in funding the funeral in the future.

Remember to review old financial arrangements to make sure they keep pace with rising costs.



What Are The Main Options?

Some of these options apply only to advance planning while others are available as needed.

(1) Payment in Cash at the Time a Funeral is Needed

Paying for funeral expenses with cash or check is often the optimal approach during times of grief and deep emotions.

If cash is accessible through the deceased person's estate or within the family, many prefer to cover the expenses directly at the time of the funeral.

When paying cash, ensure you comprehend all charges and options to achieve satisfaction. Funeral directors provide detailed cost breakdowns for all aspects. Be honest about your budget and explore alternatives for expensive items. Question the necessity of certain expenses and inquire about potential exclusions.

(2) Payment in Cash Before the Time a Funeral is Needed

Pre-planning and pre-payment options vary, including arrangements with your chosen funeral home or financial fiduciary such as an attorney or bank. Payment methods range from setting up an account for last expenses to establishing a relationship with a funeral director to plan and lock in costs ahead of time, which many find preferable to simply creating a bank account.



According to the National Funeral Directors Association (NFDA), a good prepaid plan should clearly outline all prepaid items and price guarantees in detail.

The NFDA suggests that prepaid plans should fully disclose key terms and conditions, including the funeral home's service boundaries, plan transferability, escrow or investment arrangements for payments, responsibility for fees or taxes, and cancellation provisions.

(3) Liquidation of Currently Fully-Priced Appreciated Assets

Some individuals, anticipating future cost increases, convert a portion of their fully appreciated assets into cash to cover their planned funeral expenses at today's prices.

Converting appreciated assets into prepaid funeral expenses, assets whose value you expect to remain stable, should be done with guidance from both a funeral planner and a tax specialist. Financially, it's akin to making a lump-sum payment for a life insurance policy.



One example is selling valuable jewelry or art to pre-pay planned funeral expenses. This method may offer tax benefits if executed correctly, but it requires careful planning and consultation.

(4) A Financed Pre-Paid Plan in Advance of Need for the Funeral

Many rely on specialized insurance policies solely for covering funeral expenses when needed. Alternatively, some opt for a "Funeral Trust," a specialized tool enabling pre-funding of funeral expenses by assigning current assets to the trust.

You can finance a prepaid funeral plan through various options, including small monthly or quarterly payments. Ensure you select a policy or annuity that will cover any remaining balance in full upon death.



(5) Using Credit or a Personal Loan at the Time of Need

Families often face unexpected funeral expenses for a loved one with no estate assets. Without personal resources, resorting to either a credit card or a personal loan is frequently the solution.

Before resorting to a personal card, review all credit cards associated with the estate for potential benefits. Some cards may offer provisions to cover balances upon the cardholder's death or provide funeral expense benefits. However, it's crucial to note that using a deceased person's credit cards for any reason is illegal.

Many funeral homes work with ethical lenders who can assist families needing financing for funerals. Today, funeral homes are mindful of the financial difficulties some families face

Funeral homes typically require full payment for services, so discussing payment options during funeral planning is crucial. If you need to finance a funeral without prior planning, understanding your options is even more essential.



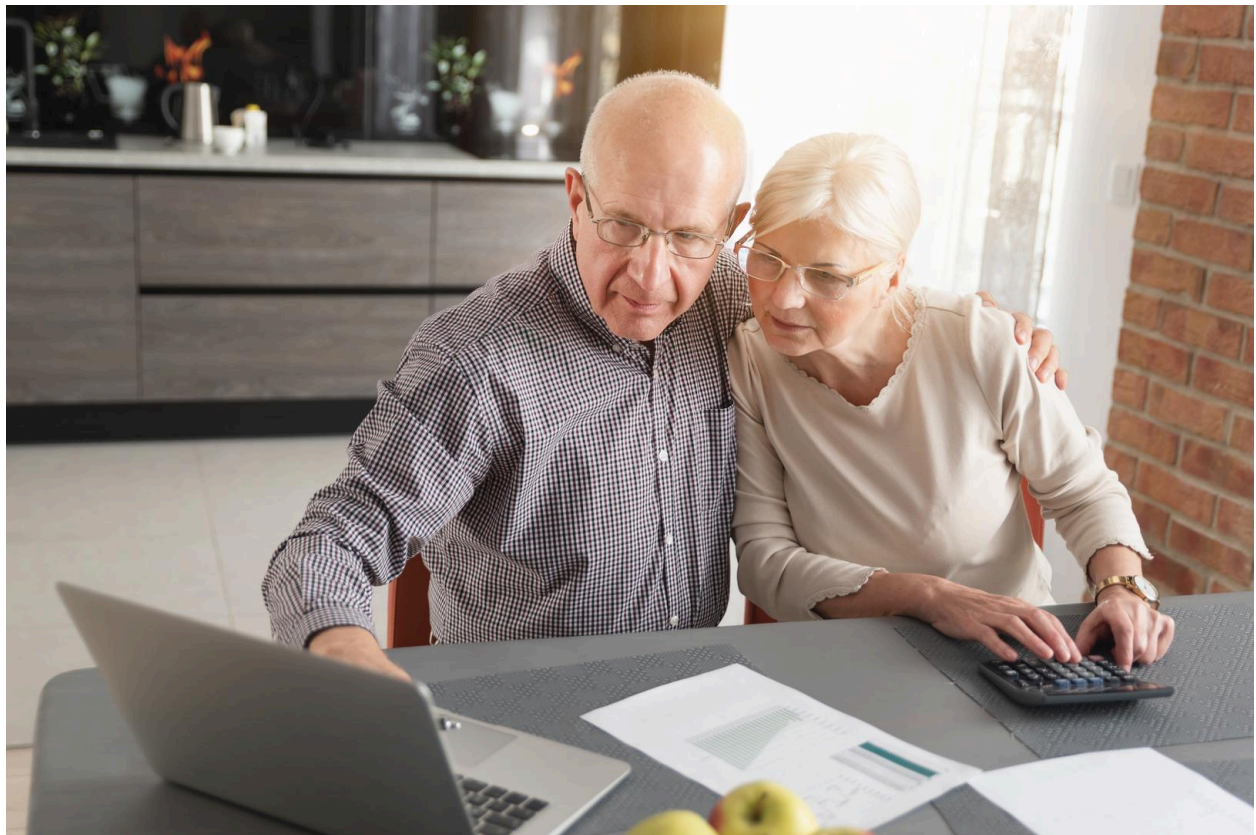
If using a credit card, explore whether the card offers deferred interest on payments for the first few months.

(6) Crowdfunding is Great, but not Magic

Crowdfunding is an effective method to seek assistance from a wide network of family and friends for funeral expenses. While relying on donations from strangers isn't advisable, it's essential to inform everyone who might be willing to help.

There are several funeral crowdfunding platforms available, including popular ones like gofundme.com and specialized options like funeralfund.com. Sites like findthefuneral.com also work with funeral directors to help families raise funds. Crowdfunding is a beneficial option for those with a strong support network.

For crowdfunding to succeed, it's not enough to simply create a funding page; active promotion via email and social media is essential to reach potential donors. Provide updates on the fund's progress and maintain a positive tone, as people respond better to uplifting memories and appealing visuals than to sorrowful appeals for help.



(7) Explore Family Funding

If genealogy work has been done in your family, you may already know your second and third cousins. Regardless of having a family chart, don't hesitate to ask for help if

it's your responsibility. Be prepared with accurate information and a specific amount needed for a dignified funeral, and reach out to the entire family and close friends for support.

Communicate the urgency of the situation to everyone and specify the time frame. If you haven't started crowdfunding yet, consider setting up a free PayPal account to facilitate quick contributions to the funeral fund.

Your funeral director can often assist in promptly setting up a funding site. Ensure your appeal is personal and, as much as possible, convey a positive tone in celebrating the life being remembered through the funeral.



Avoid making a broad appeal to your entire mailing list. Instead, write individual messages appealing for help, crafting them in a way you'd appreciate receiving yourself. Sometimes, family surprises you with their support.

Once you've set up a funding site, prioritize sending individual messages. Experts advise that you'll achieve better results with 10 personalized messages than with a hundred generic ones when soliciting donations.

(8) Apply for the Social Security Death Benefit

Social Security provides a payment to assist with the final expenses of individuals who pass away while receiving benefits. Typically, this is handled as part of the financial documentation during funeral arrangements. While the funeral home can assist, the payment is made directly to the eligible individual.

Other funeral, death, and memorial benefits may be available based on the organizations the deceased belonged to, such as professional, fraternal, or religious groups.



(9) Tap into Life Insurance Funding

While the final settlement of a life insurance policy may take weeks after the issuance of the death certificate, many policies allow for advance payments to cover funeral expenses.

Funeral homes are adept at managing such claims, and many families prefer to delegate paperwork. However, it's also possible for a family member to directly engage with the insurance or government agency that held the deceased's life insurance policy to discuss funeral expense payment options.

Some individuals consider taking an advance against the equity or cash value in their life insurance policy. While this incurs fees and potential tax implications, it can free up funds to guarantee full coverage of crucial final expenses in advance, depending on individual circumstances.

(10) Open a "Totten Trust"

You can establish a "Totten Trust" bank account with a predetermined amount, agreed upon between you and your selected funeral home. This account disburses the agreed-upon sum to the funeral home upon proof of your passing and funeral arrangements being made.

A financial statement, likely a balance sheet, is shown with a magnifying glass and a calculator. The magnifying glass is focused on the 'CURRENT LIABILITIES' section, specifically the 'Loan from Financial Institution' row. The calculator is a standard handheld calculator with a black body and orange buttons. The financial statement has multiple columns and rows, with various numerical values. The magnifying glass is positioned over the 'CURRENT LIABILITIES' section, which includes 'Loan from Financial Institution' and 'Other Liabilities'. The calculator is positioned to the right of the magnifying glass, with its screen showing '0.00'. The financial statement also includes sections for 'ASSETS', 'EQUITY', and 'LIABILITIES'. The magnifying glass is positioned over the 'CURRENT LIABILITIES' section, which includes 'Loan from Financial Institution' and 'Other Liabilities'. The calculator is positioned to the right of the magnifying glass, with its screen showing '0.00'.

	2017	2018	2019	2020
ASSETS				
Investment	45,104	54,883	30,180	24,898
Investment	258,200	258,462	28,390	254,880
Investment	31,358	15,985	48,521	32,405
Investment	50,859	45,987	535,084	320,575
Investment	585,090	326,900	1,002,155	647,383
Investment	1,072,311	752,015	1,552,225	1,52,000
Investment	200,100	180,650	1,452,600	1,350,652
Investment	1,452,600	1,355,900	20,658	25,000
Investment	25,305	30,500	18,067	15,600
Investment	20,620	20,350	1,686,350	1,543,252
Investment	1,698,625	1,587,400	2,688,505	2,190,635
Investment	2,770,836	2,289,415		
LIABILITIES				
Loan from Financial Institution	32,062	30,653	20,658	12,050
Loan from Financial Institution	112,000	92,756	98,871	75,000
Loan from Financial Institution	255,000	175,416	245,600	147,910
Loan from Financial Institution	35,260	28,445	30,526	25,600
Loan from Financial Institution	434,322	327,270	395,655	260,500
Loan from Financial Institution	500,000	400,000	500,000	400,000
Loan from Financial Institution	350,000	200,000	350,000	200,000
Loan from Financial Institution	850,000	600,000	850,000	600,000
Loan from Financial Institution	1,284,322	927,270	1,245,655	860,000
LIABILITIES				
Loan from Financial Institution	10,000,000	10,000,000	10,000,000	10,000,000
Loan from Financial Institution	1,000,000	1,000,000	1,000,000	1,000,000
Loan from Financial Institution	165,000	165,000	165,000	165,000
Loan from Financial Institution	35,000	45,000	35,000	35,000
Loan from Financial Institution	130,075	232,850	1,330,075	1,330,075
Loan from Financial Institution	145,000	145,000	145,000	145,000
Loan from Financial Institution	2,190,635	2,190,635	2,190,635	2,190,635
Loan from Financial Institution	276,514	1,362,145	1,442,850	2,688,505

The primary advantage of a "Totten Trust" bank account is its immediate disbursement of funds without waiting for probate. This allows for meeting urgent funeral expenses.

Additionally, it offers a straightforward and informal method to establish a secure trust account with your bank, specifically designated to cover final expenses when needed.

In Summary

Covering final expenses varies greatly depending on individual circumstances, much like the unique celebration and remembrance of each life.

Whether we meticulously plan our funeral in advance or simply let death occur without consideration for our own arrangements, there will inevitably be last expenses incurred on our behalf.

These responsibilities are ours individually, and assistance in planning for yourself or a family member is just a phone call away. We're here to address any questions you might have.