THE BEST WAYS TO PAY FOR A FUNERAL

FUNERALBASICS

TABLE OF CONTENTS

What is the average cost of a funeral?

Similar to a wedding, a funeral is a rite of passage and fulfills a necessary role in the grief journey. As noted grief expert, counselor, and educator Dr. Alan Wolfelt says, "Rich in history and rife with symbolism, the funeral ceremony helps us acknowledge the reality of the death, gives testimony to the life of the deceased, encourages the expression of grief in a way consistent with the culture's values, provides support to mourners, allows for the embracing of faith and beliefs about life and death, and offers continuity and hope for the living."

So, how can we prepare for the cost of such a significant life event?

According to the latest national statistics from the National Funeral Directors Association (NFDA), the average cost of a funeral has increased 6.6% over the past five years while the cost of a funeral with cremation has increased 11.3%. The overall rate of inflation was 13.98% for the same period.

Funeral with Viewing and Burial

National Median Cost of an Adult Funeral with Viewing and Burial: 2021 vs. 2016

Item	2021*	2016*
Nondeclinable basic services fee	$2,300	$2,100
Removal/transfer of remains to funeral home	$350	$325
Embalming	$775	$725
Other preparation of the body	$275	$250
Use of facilities/staff for viewing	$450	$425
Use of facilities/staff for funeral ceremony	$515	$500
Hearse	$350	$325
Service car/van	$150	$150
Basic memorial printed package	$183	$160
Metal casket	$2,500	$2,400
Median Cost of a Funeral With Viewing and Burial	**$7,848**	**$7,360**
Vault	$1,572	$1,395
Total with vault	**$9,420**	**$8,775**

** Median Price – The amount at which half of the figures fall below and half are above.*

*Source: www.nfda.org

Funeral with Viewing and Cremation

National Median Cost of an Adult Funeral with Viewing and Cremation

Item	2021*	2016*
Nondeclinable basic services fee	$2,300	$2,100
Removal/transfer of remains to funeral home	$350	$325
Embalming	$775	$725
Other preparation of the body	$275	$250
Use of facilities/staff for viewing	$450	$425
Use of facilities/staff for funeral ceremony	$515	$500
Service car/van	$150	$150
Basic memorial printed package	$183	$160
Cremation fee *(if firm uses a third-party crematory)***	$368	$350
Cremation casket	$1,310	$1,000
Urn	$295	$275
Median Cost of a Funeral with Viewing and Cremation	**$6,970**	**$6,260**

**Median Price – The amount at which half of the figures fall below and half are above.*
***59.9% of respondents use a third-party crematory (i.e., the funeral home does not own a crematory)*

*Source: www.nfda.org

These median prices include the basic services of a funeral director and staff, transfer to the funeral home, embalming and other preparations of the body for a viewing, use of facilities for a service, hearse, utility vehicle, basic memorial printed package, a metal casket, and a burial vault.

The total cost of direct cremation or direct burial will be lower than the figures listed above. This is mainly because direct options do not typically include a service. But again, the fees will vary depending on what state you reside in and which funeral home you choose.

Other Funeral Costs to Plan For

The average cost of a funeral outlined above does not include customary funeral expenses and services that are typically provided by a person or business other than the funeral home. Most funeral homes refer to these costs as “cash advance items.”

However, these items can usually be coordinated by the funeral home and included in the funeral contract. “Cash advance items” may include, but are not limited to:

- Church or venue charges (if you decide not to use the facilities available at the funeral home)
- Flowers
- Officiating clergy honorarium
- Specialty music (should you decide to bring in a musician who requires payment)
- Obituary/Death notice in a newspaper or online
- Police escort to gravesite
- Cemetery charges (the cost of a plot or niche and the opening/closing of the grave)
- Grave marker charge
- Reception venue
- Catering
- Clean-up services
- Copies of the death certificate

In the end, the cost of even a basic funeral today can easily add up to well over $10,000 when considering cash advance items. Ultimately, the total cost will depend on many factors, including which funeral home you choose, where you live, how elaborate or simple you want the service to be, and how many cash advance items you wish to include.

Once you have an accurate cost estimate, your next step is to consider how you want to pay for the funeral. Paying in advance can often lock in the funeral costs at today’s prices. This will help your family to save money in the long run.

How to save money on funeral expenses

One of the most effective ways to save money on a funeral is by planning ahead and becoming familiar with your options ahead of time. If you are dealing with a death in the family right now, you can still apply these same principles to help you manage the costs of funeral expenses.

Get a general idea of pricing in your area

Prices for funeral services and merchandise vary greatly even within the same general vicinity. Every funeral home is required by the Federal Trade Commission (FTC) Funeral Rule to present you with a full price list upon request that is yours to keep. They must also give you price information over the phone upon request.

Learn about veterans' burial benefits

If you or your spouse is a veteran, you may be eligible for a free burial space at a state or national cemetery, burial vault or grave liner, opening and closing of the grave, and a government-furnished headstone, which can save you thousands of dollars in burial costs. Go to www.cem.va.gov or talk to a veterans' benefits specialist or a funeral prearrangement specialist who is knowledgeable about veterans' burial benefits to learn more. You can also check out our article on veterans' burial benefits here.

Choose lower-cost options

There are a few options that offer savings to your bottom line. Cremation can spare you the cost of a casket, full burial space, opening and closing of the grave, and a vault. However, you may still opt for a lower-cost cremation niche or burial in a cremation garden so that loved ones have a permanent memorial to visit after the death.

Do it yourself

There may be certain aspects of the funeral arrangements that you can do yourself. Or, you could engage your social network to help you. For example, you may ask church, friends, or family members to bring potluck dishes to save on the cost of a caterer. If you want a tribute video, you may know someone who is good with video editing who can assist you. While you may want to do a couple of things yourself, be sure to check with your funeral director to see if the funeral home staff can alleviate any or all of these burdens for you. Remember, your time is valuable, too.

Where cutting corners may not pay off

Many families think that opting for a cremation with no type of service is their best option for saving money. It's true that a basic cremation is probably the least expensive option for disposition. But you might also want to weigh the emotional cost of not having a funeral or memorial service. Grief expert Dr. Alan D. Wolfelt with the Center for Loss and Life Transition shares in this article the six needs of a bereaved person and how the funeral helps to meet those needs. Skipping the funeral or memorial ceremony for a loved one can interrupt the natural grieving process and prevent loved ones from grieving in a healthy way.

Plan ahead

To save money on funeral expenses, the best thing you can do is plan ahead. When you plan ahead, it is much easier to stick to a budget and choose only the options that you know you want. Planning ahead also prevents your family from paying for options that you do not want! For everyone involved, it helps to make decisions with a cool, calm, and collected head rather than in a time of grief. In addition, many funeral homes offer a price guarantee when you pay for services in advance. So, if you are young and in good health, this arrangement can potentially save your family 30% to 40% or more on funeral costs just by locking in the present-day price.

If you are dealing with a death right now, this advice comes a little too late, but it bears keeping in mind for the future. Once you've chosen your preferred funeral provider, ask to speak with a funeral prearrangement specialist. Most funeral homes offer free advance funeral planning services to their communities. Take advantage of this opportunity to understand your options and take care of funeral costs in advance.

Top 5 ways to pay for a funeral

Many people do not realize that payment for a funeral is due prior to services being rendered. So, having a financial plan in place to pay for a funeral is essential for every adult. There are many ways to pay for a funeral, in advance or at the time of need. Here are the top 5 ways to pay for a funeral.

1. Prepaid Funeral Plan*

Many people choose to pay for a funeral in advance with a prepaid funeral plan. Funeral plans with a special "preneed" contract funded with an insurance policy, trust, or annuity offer several benefits. Preneed policies can be paid in full or set up on installment plans with a set number of payments that fit into your budget. The funds go to a specialized insurance company and offer growth with certain tax advantages. The plans are also transferable to another funeral home should you move away. Irrevocable prepaid funeral plans can also be set up as Medicaid-exempt assets to help an individual qualify for Medicaid later in life.

2. Life Insurance or Final Expense Plan

Families often plan to cover funeral expenses with a life insurance policy or final expense policy. The truth is, there can be many unexpected complications. To learn more about these complications, take a moment to read The Truth About Life Insurance and Funeral Expenses. Even if your policy is problem free, it may take 6 to 8 weeks to receive payment.

**The information provided above is for general educational purposes only and is not intended to provide estate planning or tax planning advice. Individual circumstances and state laws vary, so any estate planning or tax planning should be undertaken with the help and assistance of an attorney or CPA licensed in your state.*

3. Personal Account/CD/Pay-on-Death Account

Some families choose to set up a pay-on-death account with a named beneficiary. This option allows your assets to be available to your heirs without having to go through probate. However, there are a few disadvantages to maintaining a personal pay-on-death account. With each year that goes by, the purchasing power in your account actually goes down. In addition, these types of accounts do not generally offer a sufficient amount of interest to offset inflation over time. Personal accounts are also not considered Medicaid-exempt should you require long-term care assistance. Personal accounts are also at risk of being used or seized due to civil judgments, bankruptcy, or divorce.

4. Credit Card or Funeral Loan

Another possibility to pay for a funeral is using a credit card or taking out a personal loan. Obviously, this is not the best option since it includes the possibility of paying interest on the funeral amount. Some lending companies offer families funeral loans, often with no interest for the first few months. Ask your funeral director about funeral lending companies, if interested.

5. Crowdfunding Website

If no financial plan in place at the time of need, families can use a crowdfunding website to pay for a funeral. Some of these websites are general fundraising platforms that can help you raise money for a funeral. GoFundMe.com, in particular, has become a very popular way to campaign for a service. Other websites such as Funeral Fund are specifically tailored to funeral fundraising. These sites provide efficient ways to receive the financial support needed to craft a meaningful ceremony. Please note that most crowdfunding sites deduct a small percentage of the money raised for transaction and processing fees.

Ideas for paying for a funeral in advance

Preneed policies or annuities can be set up on installment plans with a set number of payments that fit into your budget. A specialized insurance company protects the funds until they are needed, and funeral funds grow either tax-free or tax deferred. Because these plans are held by an insurance company, the plans are completely transferrable to another funeral home should you move away from home. Most insurance policies and annuities offer 1- to 10-year payment plans.

Here are a few ideas for making a funeral plan more affordable for your family:

Use your tax refund as a down payment

Every year, many of us receive a tax refund from the federal government. One excellent use for the extra cash could be putting a down payment on your prepaid funeral plans. By putting down a larger down payment, your monthly premiums will be lower.

Set up a longer payment plan to reduce the monthly amount

For many people, it's possible to set up a longer payment plan. As you get everything set up for your prepaid funeral plan, speak with the insurance company to determine how long your payment plan is. If they have it set at five years, ask if it can be increased to seven or even ten years.

Explore your options

When you sit down with a funeral professional, ask them to discuss all the options available. Listen carefully; they may discuss options you haven't considered. By becoming more informed about your choices, you can make decisions that are best for you, your family, and your budget.

Utilize Christmas bonuses and subsequent tax refunds

Even though you may be on a 10-year payment plan, it's helpful to use substantial Christmas bonuses or subsequent tax refunds to make large payments on your insurance policy or annuity. While doing this does not decrease your monthly payment, it does decrease the amount of time you will spend paying on the plan, which means you can allocate that monthly amount to some other need more quickly.

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