

Simply
Speaking
funeral planning

A stylized green icon of a person with a speech bubble above their head, integrated into the letter 'i' of the word 'Speaking'.



Dear Reader

If you're reading this guide, you may have started asking yourself some important questions about your funeral arrangements and end-of-life expenses.

We understand that this is not an easy topic to think about and discuss with your family. You may not even know where to start. But when we spend much of our time preparing for what might happen in our lives, it makes perfect sense to plan for what will happen, even though it may be difficult.

You may be wondering:

- [Why should I have a funeral?](#)
- [Who will arrange my funeral?](#)
- [Who will pay for my funeral?](#)
- [Will my funeral reflect my wishes?](#)
- [How can I relieve my family of any financial burden when I pass away?](#)

In addition to these questions, you may be thinking about planning your own memorial service. This can be very important, because honoring a loved one is essential to a family's healing process following a death.

Beyond the details of what will take place, another element of funeral planning is determining how your final arrangements will be funded. You can fund them now or have your loved ones settle the obligation once you have passed. Funeral costs vary greatly depending on where you live and the choices you make, but a funeral director or preneed specialist can walk you through these important decisions.

Planning and setting aside funds for your final arrangements can provide you with the peace of mind that comes with knowing your expenses are covered, and that you will be memorialized in a way that is meaningful to you and your family.

Simply Speaking: Funeral Planning will provide you with the guidance and direction you need to discuss your funeral service and memorialization preferences with your family.



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you may be wondering...

Why do I need a funeral?

Simply **Speaking**

A funeral service helps the bereaved begin to overcome their grief and offers family and friends the opportunity to honor a loved one. It fills an important emotional need for those close to you at the time of your death.

What you need to know:

Mourning the loss of a loved one with a funeral service is a ritual that has existed for thousands of years. Gathering together for a funeral service allows your loved ones to share stories, give eulogies and otherwise reaffirm the value that you had in their lives. Most importantly, a funeral service allows the immediate family to begin the healing process.

Throughout our lives, we join with our families to celebrate weddings, birthdays and holidays because we think it is important to commemorate these events together. We participate in joyous occasions like these because it helps us feel connected to each other, to our shared history and even to the communities in which we live. When a loved one dies, the funeral becomes another moment for us to share and feel in this same way.

As is often said, “Funerals are for the living.” Funerals allow your family and friends to celebrate your life and acknowledge your death in a way that helps them grieve and heal with others by their side.



you may be wondering...

How do I go about
planning my funeral?

Simply **Speaking**

Many people may be nervous about visiting a funeral home or discussing cremation, but planning your funeral does not have to be an intimidating process. Family, friends, funeral directors and preneed specialists are all excellent resources to get you started on choosing a funeral home, establishing a budget, and making your final arrangements.

What you need to know:

Preplanning your funeral makes sense for many reasons. It may help alleviate the financial and emotional burden felt by your family and friends at the time of your passing. It also provides you the opportunity to share your preferences for a memorial service, specify your burial choice, and spare your family from making these decisions at a difficult and stressful time.

Preplanning checklist

- **Choose burial or cremation**
Deciding whether you would prefer a traditional burial in a cemetery or cremation is the first major decision you should make when planning. If you have a preference, it is important to let your family know.
- **Speak with family and friends**
Let your family and friends know that you are starting this process and ask them for recommendations on a reputable funeral home, just as you would any other business. Let them know your preferences for a funeral, visitation or memorial service.
- **Visit with a funeral director or preneed specialist**
Funeral directors and preneed specialists are experts in this industry and can answer all of your questions regarding planning and paying for your funeral, should you choose. They can

help you understand your choices and document your decisions. They can also provide information on costs and payment options.

- **Settle on the details**
You can plan your funeral to any level of detail. This can include:
 - Viewing or visitation
 - Service type/location
 - Funeral followed by burial or cremation
 - Graveside service or cremation only
 - Memorial service only, after burial or cremation
 - Reception for family and friends after your service
 - Obituary information
 - Clothing
 - Pallbearers and officiants
 - Music and readings
 - Memorial contributions

- **Document everything**
Funeral directors and preneed specialists can also provide you with a personal funeral planning guide where you can document your preferences. Some of the things you should record are:
 - Cremation or burial choice
 - Name and address of funeral home/crematory
 - Birthdate and Social Security number
 - Names and addresses of key contacts (children, spouse, close friends)
 - Insurance, investment and will/trust information
 - Funeral service selections
 - Military information if applicable

you may be wondering...

What if I choose to
be cremated?

Simply **Speaking**

Cremation is growing in popularity and is projected to grow to nearly 59% by 2025.¹ Planning and setting aside funds for your final arrangements in advance is appropriate whether you choose burial or cremation. Your choices for a funeral service can remain the same no matter what you choose.

What you need to know:

The reasons for choosing cremation are varied and personal, but one reason people tend to choose this method of disposition is because it can be less expensive than a traditional burial. Other reasons include considerations for the environment such as preserving land by not occupying a burial plot in a cemetery, an increasing acceptance of cremation by religion and society, an aversion to having your body placed in the ground, or simply personal preference.

Regardless of the reason, cremation is only half of the story. Your plans for a viewing, visitation, funeral, or memorial service don't have to change if you choose cremation.

Some options include:

- Traditional service with visitation (rental caskets available)
- Memorial service – with the cremated remains or without
- Religious service
- Direct cremation with no service

Just as with traditional burial, a funeral director or preneed specialist can help you plan your services, whether they happen before or after cremation.

¹ Cremation Association of North America, <http://www.cremationassociation.org/?page=AboutCANA>, as of July 15, 2014.

you may be wondering...

What are my options
for a memorial service?

Simply **Speaking**

During the funeral planning process, you may start to think about how you'd like to be remembered, or memorialized. Regardless of whether you choose burial or cremation, your memorial options are the same. Preplanning your memorial service can be an additional comfort to your family, as it ensures that you will be remembered in a way that is meaningful to you.

What you need to know:

A memorial service is different from a funeral service because the body is not present, and it typically occurs after the burial or cremation is complete. It is a remembrance of the deceased, sometimes called a life celebration.

Since it is intended to be a celebration of your life, it can take on any form you want. It can be religious, nondenominational, spiritual, or none of the above. Some of the things you might ask your family and friends to do include:

- Read a poem or passage that is significant to you
- Play your favorite music
- Serve your favorite food
- Display your favorite photos
- Share stories about your time together

You may choose to have your service at a funeral home or another place that is significant to you, such as a beach, park, family home or favorite restaurant. Your funeral director can help you personalize a memorial service as well as coordinate the details, such as the food, venue and other arrangements.

If you have chosen to be cremated, you may decide to have your cremated remains scattered during the service, if permissible by law. Communicate your preferences about where you'd like this done, so that your family can make the appropriate arrangements when the time comes. This may include obtaining permission from a property owner, local government, park ranger or ship captain, for example.

Other options if you are cremated include adding cremated remains to jewelry, burying them in the ground, placing them in a columbarium at a cemetery, dividing them among family members, or leaving them in a traditional urn in a loved one's home.

It is important to choose the ultimate resting place for your cremated remains, especially if you'd like them kept in an urn with one or more family members. Future generations of your family should understand the significance of providing a respectful place for your cremated remains throughout the years. If you feel they will be unable to do so, you may seriously consider having your urn placed in a columbarium or scattered somewhere of significance to you.

you may be wondering...

Are there benefits to
setting aside funds
ahead of time?

Simply **Speaking**

Yes. As we mentioned earlier, it may spare your family the financial burden of paying for your funeral when you die. Decisions about who is responsible for paying and where the money will come from are not left to your children, friends or other family members.

What you need to know:

The planning process should be a comforting one for you and your family. Setting aside funds for your funeral expenses now may help ensure that you don't leave a financial burden as your legacy.

To make sure you get the most out of your planning experience, there are several questions you should think about, research, and discuss with a funeral home director or preneed specialist. They are there to guide you through the decision-making process, so be sure to consult with them as needed.

Some of these questions include:

- Am I paying for merchandise (e.g. casket), funeral services, or both?
- Am I protected if the funeral home I deal with goes out of business?
- Can I cancel the contract and get a full refund if I change my mind?
- What happens if I move to a different area or die while away from home?
- Are the costs guaranteed even if prices rise right before I die?
- Are there any costs that cannot be prepaid?
- Does my contract include a cancellation clause? Does it include a "look back" period?
- Is the contract revocable? Is there a penalty fee for revoking it?
- If it is a preneed trust contract, where is my money being invested? Who are the trustees?
- What happens to the interest earned over the life of the contract?
- Do I have to pay tax on the interest income?
- Do I have to pay the entire amount up front, or can I pay over time?



you may be wondering...

What are my
funding options?

Simply **Speaking**

You can set aside funds for a funeral ahead of time by purchasing a preneed life insurance policy through a funeral home, setting up a funeral trust, or using traditional life insurance. Each option has its own pros and cons, and the rules regarding these different methods can vary from state to state. A funeral director or preneed specialist can help you through the process of choosing the right option for you.

What you need to know:

Your funding options

When you pay for funeral goods and services in advance with a funeral home directly, the funeral home is responsible for placing your money into a trust or escrow account in accordance with applicable state law. You may also elect to purchase a whole life insurance policy to fund your preneed contract. On occasion, an annuity may be used. These annuity products are guaranteed-issue, meaning everyone can qualify without the medical underwriting typical of traditional life insurance products.

Preneed Insurance Policy

A preneed insurance policy is a simple life insurance policy intended to cover the funeral or cremation expenses listed in your preneed contract. This can include goods and services, and the benefit from the policy is payable directly to the funeral home upon your death. Since the funeral home is paid directly, you may prefer this type of policy in order to minimize the obligation for your family to pay for your funeral up front and make the process easier on them at the time of your death.

Funeral Trust

A funeral trust is established by a funeral home with a qualified financial institution and a portion or all of the money you pay to the funeral home under your preneed contract must be held in the trust account until the goods and services are delivered.

Life Insurance Policy

A traditional life insurance policy can be used to pay for funeral expenses. Upon your death, your beneficiary would be responsible for using the available funds from your life insurance to pay for your funeral. Keep in mind that a death certificate will be required before the insurance company will release death benefit proceeds. This can take weeks, while your family members may be required to pay for your funeral services at the time they are rendered. In addition, a life insurance policy does not allow you to guarantee today's costs for the goods and services you buy. A guaranteed cost is only available with a preneed insurance policy that is used to fund a preneed contract.

you may be wondering...

How does my choice affect
my Medicaid eligibility?

Simply **Speaking**

Paying for your funeral in advance can have a major effect on your Medicaid eligibility. In most states, an individual living in a nursing home can have only about \$2,000 in “countable” assets in order to qualify for Medicaid benefits.¹ For example, if you have \$10,000 set aside to pay for your funeral but have not actually prepaid or set it aside in an irrevocable trust you will not be eligible to receive Medicaid benefits. Prepaying for your funeral may be an effective way to reduce, or “spend down,” your assets to qualify for benefits. Just remember that Medicaid limits vary by state.

What you need to know:

WHAT IS MEDICAID?*

Medicaid is a health insurance program for certain groups of low-income families or individuals, including children and their parents, pregnant women, people 65 or older and people with disabilities.

If you decide to prepay for your funeral, the funds you have set aside for your funeral must be placed into an irrevocable contract with a funeral home.² This is an acceptable way to keep your money from being counted as an asset by Medicaid.

Importantly, there is no “look back” period for this type of transfer. This means that it is not subject to the five-year asset transfer rule imposed by the federal government for Medicaid qualification. Normally, the government will include any asset you transfer at any time during the five years prior to filing your Medicaid application. This does not apply to irrevocable funeral contracts and trusts, because the law prohibits any withdrawals or changes to this type of contract. It can only be used to pay for funeral expenses.

If you choose to use a traditional life insurance policy with an initial face amount of more than \$1,500 to pay for your funeral expenses, be aware that the policy cash value is considered an asset and will count against you when it comes to qualifying for Medicaid.

¹ “Medicaid’s Asset Transfer Rules,” Elder Law Answers, <http://www.elderlawanswers.com/medicaids-asset-transfer-rules-12015>, as of September 13, 2013.

*Medicaid is known as Medi-Cal in California.

² “Medicaid planning basics,” AICPA, <http://www.360financialliteracy.org/Topics/Retirement-Planning/Medicare-and-Medicaid/Medicaid-planning-basics>, as of 2014.

you may be wondering...

Are there special considerations if I am a U.S. veteran?

Simply **Speaking**

The federal government offers several burial and memorial benefits for U.S. veterans, which takes much of the pressure off of you when it comes to planning your funeral. Despite the fact that the government offers many goods and services free of charge to veterans, there are still certain items you must pay for separately. Preplanning can still benefit you and your family because it gives you the chance to define your wishes and fill in the gap in government-provided benefits.

What you need to know:

If you are a U.S. veteran, there are many burial benefits available to you at no cost. The government provides the following:¹

If you choose to be buried in a national cemetery:²

- Gravesite in any of the 131 national cemeteries (*subject to available space*)
- Grave liner/vault
- Opening and closing of grave
- Perpetual care as part of a national shrine
- Government headstone or marker
- Burial flag
- Presidential Memorial Certificate
- Military funeral honors

The funeral home should be able to assist your family with making arrangements for burial in a national cemetery, as gravesites cannot be reserved in advance.

If you choose to be buried in a private cemetery:

- Government headstone or marker
- Burial flag
- Presidential Memorial Certificate
- Burial allowances for funeral expenses and a plot or interment³

You must make funeral or cremation arrangements with the funeral home or crematorium of your choosing, as the government does not pay for a casket, urn, or other merchandise you may purchase from these places. You can discuss your specific needs with the funeral director or preneed specialist and weigh your options for prepaying for those needs just as you would if you were not a veteran.

Make sure your family can locate your discharge papers to prove your eligibility for government benefits.

¹ Consult the Department of Veterans Affairs website for specific eligibility requirements. Individuals must not have been dishonorably discharged in order to qualify.

² "Burial benefits," U.S. Department of Veterans Affairs, http://www.cem.va.gov/burial_benefits/index.asp, as of June 20, 2014.

³ Certain eligibility requirements apply. Application required (VAForm 21-530). See www.va.gov/vaforms for more information.

you may be wondering...

Will Social Security
provide any benefits to my
family when I die?

Simply **Speaking**

Survivor benefits can vary widely and may not provide the level of financial resources you think. If you pass away, the amount of benefits your spouse can receive depends on a number of factors, such as whether your spouse has reached full retirement age and whether you were collecting a full or reduced benefit. The amount of any benefit will likely not be enough to cover funeral expenses.

What you need to know:

Social Security benefits paid to your spouse or, if there is no surviving spouse, an eligible child, after you die can be used to cover some funeral expenses. But the one-time death benefit payment of \$255¹ is generally only enough to pay a small percentage of overall costs.

In order for the death benefit to be paid, the Social Security Administration must be notified as soon as possible when you die. The funeral director can report your death, but your family must know and provide your Social Security number, which is another reason why it is vital to document all of your personal information.

Here is a quick snapshot of survivor benefits for spouses:

- A one-time death benefit payment of \$255 can be paid to you if you were living with the deceased.
- You may be eligible to collect 100% of your spouse's monthly benefit at your full retirement age, or a reduced benefit as early as age 60; or, you will continue to receive your benefit, if higher, provided you are of age to collect benefits.
- No survivor benefits are paid if you remarry before age 60 and are still married. If you remarried before age 60 but that marriage has now ended, you may collect survivor benefits from a deceased ex-spouse.

¹ Social Security Administration, <http://www.ssa.gov/pubs/EN-05-10084.pdf>, as of July 2013.



For your consideration:

Although we may not always think of it this way, a funeral is a major purchase — and one that we can actually make for ourselves before we die. For many people, sensitivity surrounding this subject coupled with a lack of information about where to start can be overwhelming, but it doesn't have to be.

There are many resources available on the Internet and from local funeral directors and preneed specialists. Many companies, including Forethought, offer preneed planning worksheets, where you can easily document everything discussed in this guide.

Other resources include:

Cremation Association of North America www.cremationassociation.org

Forethought Life Insurance Company www.forethought.com/funeralplanning

International Cemetery, Cremation and Funeral Association www.iccfa.com

National Funeral Directors Association www.nfda.org

Social Security Administration www.ssa.gov

The Funeral and Memorial Information Council www.Talkofalifetime.org

U.S. Department of Veterans Affairs www.va.gov

To learn more about planning and paying for your funeral today, contact your local funeral home.

Forethought Life Insurance Company

Forethought Life Insurance Company provides a full suite of annuities and a leading preneed life insurance platform to help solve the pre-retirement, retirement and end-of-life challenges facing Americans today. A targeted strategy delivers multifaceted product lines to customers through key distribution relationships across the country. Experienced leadership and financial discipline underlie strong growth and success in the marketplace.

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forethought.com/funeralplanning