

Some people believe they will do better if they do not invest in a **pre-payment plan** and instead “keep the money invested” **some-where else** until the time of need. A vast majority of people who use this approach, usually out of **fear or distrust** of funeral homes, end up **paying far too much** their funerals at the time of a death.

Instead of prepaying for a funeral

"I'll just keep my money **INVESTED!**"

Why vague thinking

FAILS



Instead of Buying a Prepaid Funeral Plan, I'll Just Invest

by Richard R. Bruneau

Some people believe they will do better if they do not invest in a pre-payment plan and instead “keep the money invested” somewhere else until the time of need. A vast majority of people who use this approach, usually out of fear or distrust of funeral homes, end up paying far too much their funerals.



\$695 to \$1,195 Quality Casket

+ \$1,550 to \$1,795 Church, Graveside or Reception Center FUNERAL

= Under \$3,000 complete arrangement

No “surprises” or “add ons” at the time of need. Everything you expect.
No sacrifices for high quality...

www.utahsfuneralplanningsite.com www.premierfuneral.com

Premier Funeral Services

The first problem with that approach is that once you make a general decision to only keep money invested, you are not very likely to give the matter of the details of funeral planning any serious thought. So even if you end up doing well with your

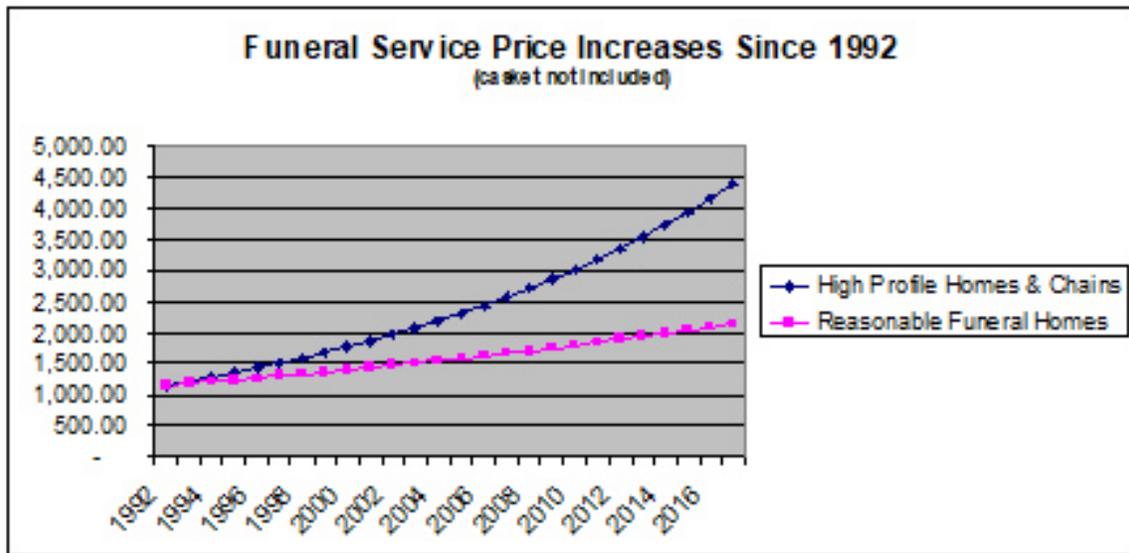
invested money, you could very easily end up over-paying due to your negligent planning and lack of homework. You will have defeated yourself by failing to get your hands dirty for a few weeks or months studying the complex nature of final expense costs.

7 Simple Truths About the \$3,000 Complete Funeral You Can No Longer Ignore

1. \$3,000 full funerals are being offered all over the United States.
2. There is **no sacrifice in quality** for paying less, because these funeral homes are operating with *low overhead and less debt*.
3. Using an expensive funeral home doesn't guarantee your family will get anything more, except *bills*.
4. Richard Bruneau has easy payment funding for a prepaid \$3,000 funeral that will **freeze costs** and **insure any unpaid balance**.
5. Doing it sooner rather than later and paying quickly will cost you less. Single payments or in six months offer a **discount**.
6. Stretching out payments ten years on a \$3,000 funeral plan will still only cost around \$4,000 total of payments.
7. Plans Richard offers grow in value tax-free all your life and are portable, using *NGL's Funeral Expense Trust*, a protected asset.

There is another fundamental problem with the “just invest your money” approach also: the inflation rate of funerals. Funeral cost inflation averages between 5% and 7% annually. I've worked with an average figure of 5.5%. This is factoring in a large number of funeral homes, and it is skewed toward the expensive funeral homes that keep raising prices. It's not set in stone, but it's the best estimate I've been able to make. Although unpredictable, the rate of funeral inflation is almost always higher than general inflation rate and interest rates. This means you have to earn a rate of return of at least 5%-7% on your money annually to win. Most people of senior age need to stay mostly in fixed return investments. It is very difficult to find a safe investment or mix of investments that will *consistently* yield you that rate of return year after year. When you are

retirement age, you want your money in conservative, fixed return investments, not high risk mutual funds, stocks, variable annuities and other similar investments. And most conservative, fixed return investments are not paying 5%-7% per year these days. So just 'keeping money invested' is a losing proposition as far as paying for funerals is concerned—especially if your earnings are taxable. Funeral plan cash value growth is not taxable.



Examples of PREMIER Prepaid Funeral Packages



www.premierfuneral.com

UNDER \$3,500

			20 g. Steel 5 Colors		\$2,545
			Sealed Steel or Wood		\$2,790
			Vault & Casket		\$3,190
			Casket Purchased Elsewhere		\$3,385
					\$2,545

www.utahsfuneralplanningsite.com

Richard R. Bruneau

Preneed Counselor and Agent

lifeplanningutah@gmail.com



No sacrifice of quality is necessary to pay less!

http://www.utahsfuneralplanningsite.com/examples_of_premier_funeral_packages_1300.jpg



\$2,790 Complete Funeral
(CASSET INCLUDED IN TOTAL)
per month

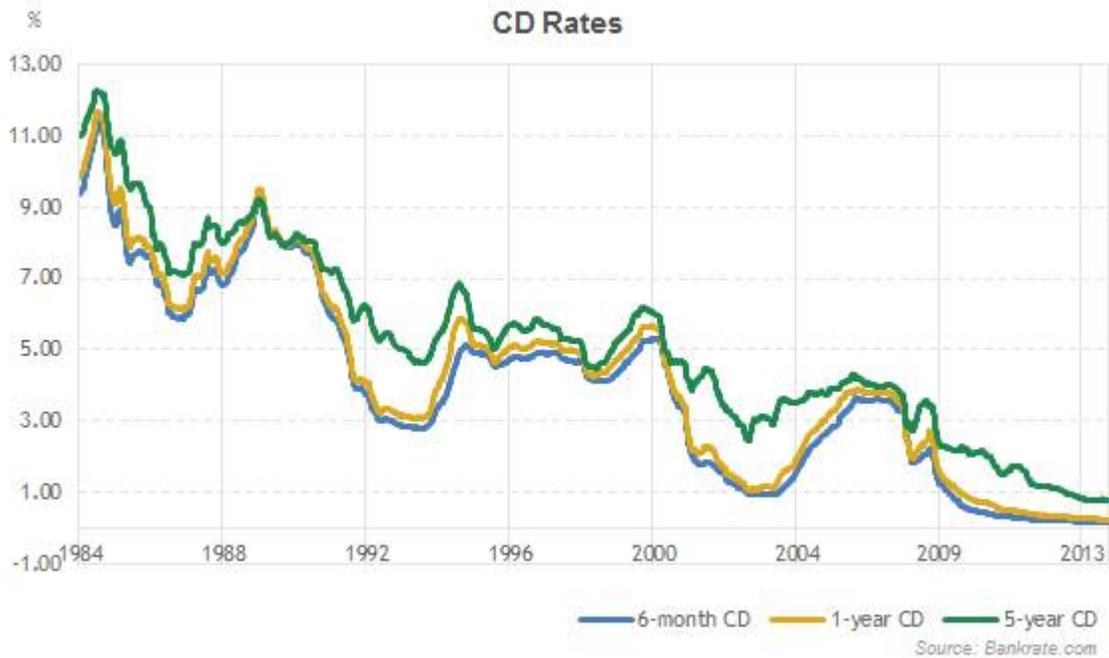
Age	Standard Health	Terminal Illness
56-60	\$31.16	\$31.86
61-65	\$31.61	\$32.31
66-70	\$32.09	\$33.26
71-75	\$32.56	\$37.19

Ten year payment plan with **early payoff** and **full insurance** regardless of health.




If you have a lump sum of money earmarked or set aside for paying for a funeral, why not invest it in a guaranteed pre-paid plan that also has growing cash value while you are alive? For example, if you purchase a guaranteed pre-paid funeral plan funded by insurance with a single payment, there is no extra charge to you and you should be given a discount off the “face amount” or “death benefit.” Often there are “pre-need discounts” and “package discounts” on pre-paid plans as well—that ensure you pay less for paying in advance. And you will have selected the costs you want exactly, with the right funeral home.

“Safe” Investment Yields Since the Early 1980's





When you pay for a guaranteed funeral plan, your money will earn you a certain percentage (growth) per year, usually paid as ‘paid up additions’ or ‘policy dividends,’ which increase the cash value of your investment annually. This ‘growth’ is around 1-4% annually. Future price increases don’t affect your plan—except for cost of things not specifically included in the plan. You should be able to get about 70% of your costs frozen. The growing cash value goes to the funeral service provider or funeral home if they provide the outlined services and merchandise. If however, your plans change for any reason, that cash value will go to other chosen beneficiaries to use as they see fit. Or, if your chosen funeral home hasn’t raised prices much, you could be due money returned or credited.

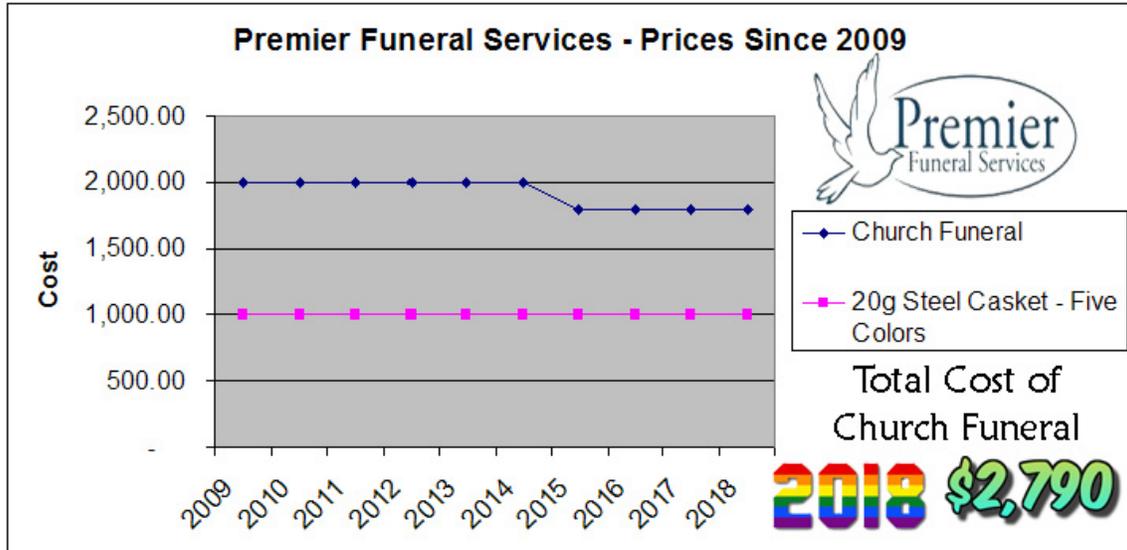
Most funeral homes get \$7,000 to \$10,000 for a church funeral with a hardwood casket.

30% LESS!

Your guaranteed frozen cost: \$3,190 to \$3,390

Premier Funeral Services

If you see no value in guaranteeing the costs, it is critical that you determine with as much accuracy as possible what a funeral will cost in the future, based on your life expectancy. And how much it will cost, especially variable items such as caskets, should not be determined by anyone but you. Caskets are merchandise similar to furniture, and the inflation rate should not be high. Therefore, if you like a casket that today sells for \$1,500, there's no realistic reason to believe that the same casket will cost you \$3,000 in ten years. It should be expected to cost maybe \$2,000-\$2,100, or go up 2-3% per year. Leaving your money invested, if you have not considered the exact type of casket you want, leaves the door open for funeral home salespeople to go after maybe \$4,000 of your money at the time of need. Pre-selecting and freezing your casket cost with a plan, on the other hand, ensures this will not happen. Funeral services can be realistically expected to *double* in cost in about ten to twelve years.



To estimate your life expectancy on average, I've included a table used by the Insurance Commissioner and actuaries of insurance companies. This will help you make your own calculations.

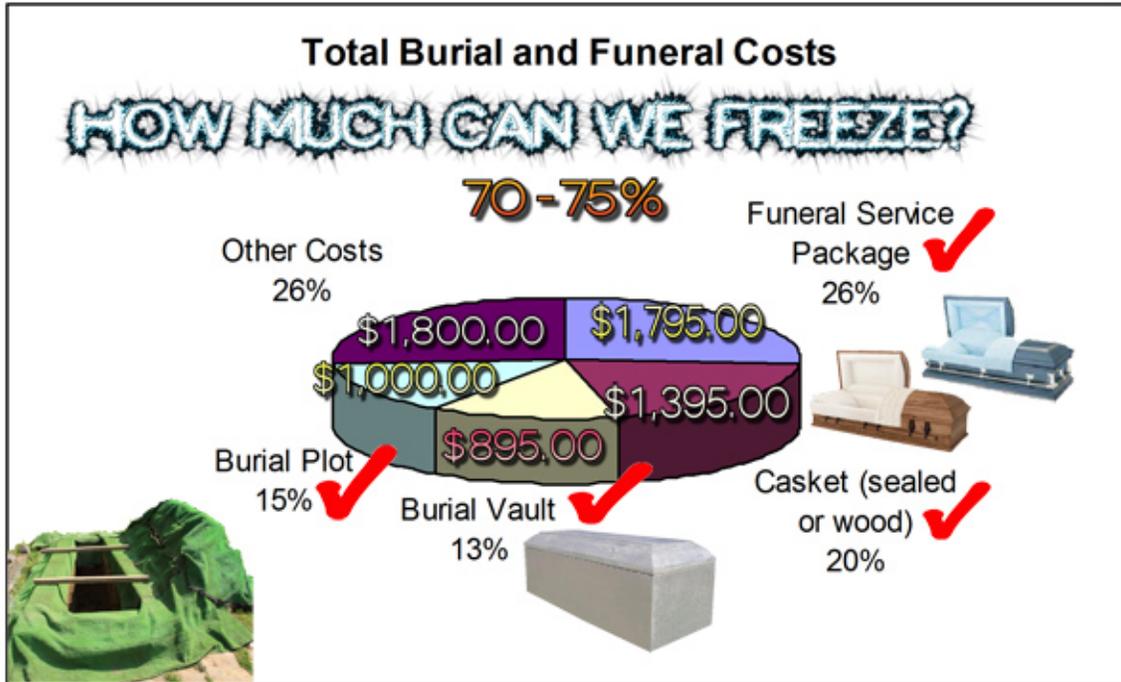
Life-Expectancy Calculator

Find out how long you have to live

NEW!

Go There

http://www.dynamcontent.net/dcv2/indiv_calc.php?calc=37&key=phqcpas2



If you are fluent with “time value of money” calculations on a financial calculator or know someone who is, you can plug in 5% or 6% as the average funeral inflation rate per year. Then get a figure for the number of years you’re expected to live from the table, and calculate the “future value” of the funeral. For example, at 6% increase per year, a \$7,000 funeral package will cost \$16,776 in 15 years.

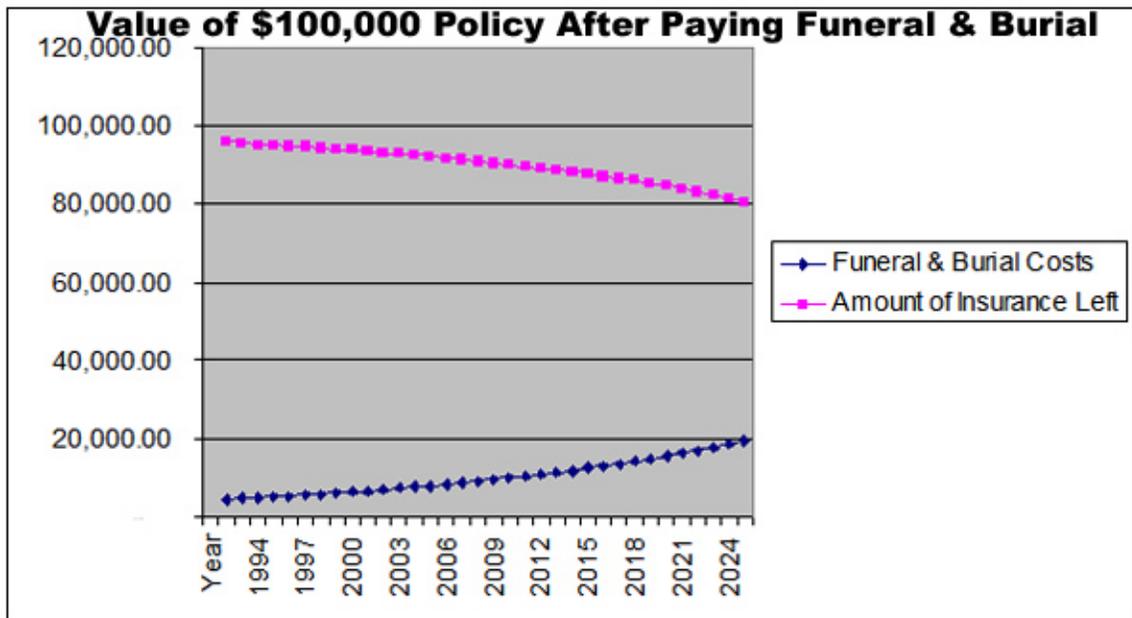
“I can’t believe the funeral home got this much out of our insurance. Why did I let this happen?”

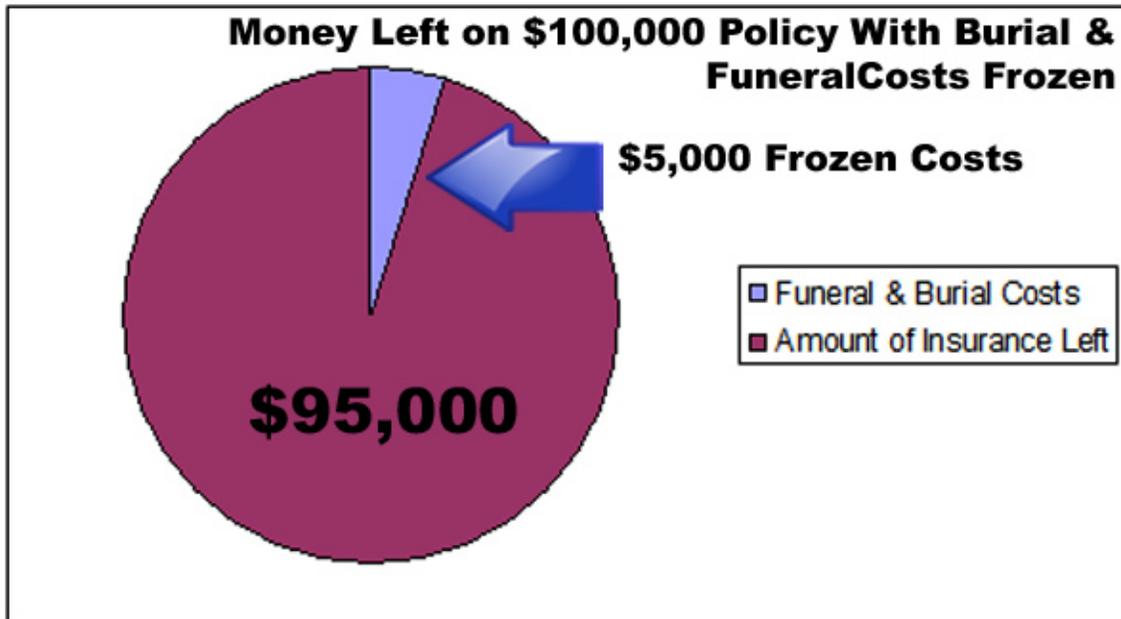
Why life insurance alone is not enough

to pay for a funeral

Learn More

Why **PLENTY OF LIFE INSURANCE** to pay for funerals





When you purchase a guaranteed prepaid funeral, you don't need to concern yourself very much with what funerals will cost in the future—except for those items not specifically mentioned as guaranteed, because they are to be provided at a fixed and pre-determined cost, regardless of future price increases. Even if you don't specify a funeral home, you should have done enough homework to narrow it down to a "short list" of funeral providers within a certain price range. *National Guardian Life's Funeral Expense Trust* (up to \$15,000) and *Estate Planning Trust* (up to \$100,000) don't require you to select a funeral home. With these NGL products, your homework analyzing costs can be combined with investments that take full advantage of the tax and estate planning laws. Just leaving your money invested until the time comes doesn't accomplish much.

As mentioned earlier, beware of *private funeral trusts* not funded by an insurance company if your plans could change. These trusts are privately maintained by funeral homes themselves. (These are not to be confused with irrevocable funeral trusts such as the *National Guardian Life Funeral Expense Trust*). If you or your family decides to get your money out later, you could easily pay a penalty of 20-30%. These types of trusts are primarily for people who cannot afford or qualify for the insurance option, which isn't very many people, or for those who want arrangements for anyone who needs them. Bad

health and complete uninsurability is another reason to use a trust of this sort, along with advanced ages that insurance companies don't like to insure (85+ is typical). You can use private trusts for any person other than yourself who passes away.



To summarize:

Guaranteed prepaid funerals provide specified services and merchandise, *regardless of future price increases*. Future funeral inflation means nothing. Your cost is limited to what you invest in the plan. The only items to be concerned about are those not guaranteed to be prepaid in the plan. These would be anything you choose not to include, as well as those that cannot be guaranteed by the funeral service provider. The non-guaranteed items can be properly accounted for so that you need not worry much about their increased cost in the future.

List of items that are easily funded as guaranteed items in funeral plans:

- Funeral Services and packages of services
- Caskets

- Cremation services, including cremation containers (urns, etc.)
- Vaults (grave liners, grave boxes), but sometimes without setting fee guaranteed
- Individual markers or headstones. Double markers should not be included in funeral plans in most cases. The marker will not be provided until the person dies whose plan contains the double marker.

List of items not normally guaranteed in funeral plans:

- Obituaries
- Flowers
- Taxes
- Death certificates
- Opening and closing of grave
- Permit fees

Items that *sometimes* are guaranteed in plans are things such as printed programs, DVD tributes, register books, and numerous other things.

For anything you can't expect to guarantee the cost of, you can build extra money into your funeral plan with the same cash value growth—with the understanding it is only money growing that will be there to help provide these things at the time of need. Including high estimated costs helps. Many families include such extra funds to ensure their children don't have to find money for some of these non-guaranteed things, which can be expensive (such as opening and closing of the grave). Also, by including the extra money in the plans the funds are properly directed to the funeral home at the time of need. The *Life Expectancy Table* in this book can help you with respect to future costs, again by using an inflation rates over the number of years you can be expected to live according to the table.

Example:

Total cost of anticipated non-guaranteed items at today's prices (opening and closing of grave, obituary, flowers, etc): \$1,300.00

Your life expectancy from Life Expectancy Table: 10 (ten more years)

Rough inflation factor: 6%

Using your financial calculator or the formula in Excel, compound \$1,300.00 at 6% for 10 years.

Future cost of today's \$1,300.00 items: \$2,328.10. You will need roughly \$2,300 in ten years to cover these things. So, to start use some higher starting amount, such as \$1,500 to \$1,700 that will grow to \$2,300 sooner.

If you build extra money into your funeral plan to cover non-guaranteed items, remember that the funeral plan growth is going to be a certain rate that may or may not keep pace with inflation. You are only making your best guess. This is the reason to make your estimates higher to start. Under-estimating will cost you. Over estimating will not.

Again, the solution is simple. Just factor in or set aside more than you think you will need for non-guaranteed items. A funeral home or cemetery cannot keep any of your money beyond what they are entitled to, based on what they are charging at the time of need. Any excess funds must be returned to your family.



Your next step:



Richard R. Bruneau

lifeplanningutah@gmail.com

Tel: (385) 347-6809

Fax: 1-801-999-6569



send an email

