



FUNERAL CONSUMERS ALLIANCE OF SOUTH CAROLINA

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Paying for a Funeral

If it pays to plan in advance for a funeral, you must also plan to pay. Your family or your estate will be responsible for funeral expenses. Most funeral homes expect payment at the time they provide services. If your family's credit is good, they might be able to arrange an installment plan, but that is not guaranteed.

Many believe that the best way to relieve their families of financial stress upon their death is to pay for their funeral in advance, before the services are needed. At first glance that might seem wise and considerate. Funeral homes will urge people to make "pre-need" contracts and pay up front, saying that doing so locks in prices at current levels and spares their survivors financial worry. There are three types of plans that may be offered:

Pre-need insurance is a type of whole-life policy (that builds cash value) sold by funeral homes with the client paying premiums to a third-party insurance company. When death occurs, the insurance company pays the funeral home directly.

Burial, or final expense, insurance is sold by insurance companies directly to clients. Benefits are paid to a named beneficiary, who can use the money as he or she sees fit to cover final expenses. You may have received solicitations in the mail from insurance providers selling this type of coverage.

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Burial Benefits for Veterans

If you are an honorably discharged veteran of the U.S. military or have served in military-related organizations, you are entitled to burial in a national cemetery and to a headstone, or marker, and a flag. There are 151 such cemeteries throughout the country, and they provide space for both bodies and cremated remains. Benefits are free. You will not have to pay for the gravesite or niche, for opening and closing the grave, and for placing the marker. If you prefer a private cemetery, you are eligible for a free, government-provided, headstone and flag,

but your family will have to pay to install the marker. In either case, your family will be responsible for all other expenses, such as preparation of the remains, transportation to the cemetery, vault and casket or urn.

Although you can pre-determine eligibility for these benefits, please note that you cannot reserve space in a national cemetery in advance; families can arrange a burial only at the time of death. The funeral home selected by the family for body preparation usually handles such arrangements.

Be sure to keep your family informed of your wishes and let them know where your discharge papers are kept. Those documents are crucial in determining your eligibility. If you have lost them, you can obtain replacement copies through the U.S. National Archives (www.archives.gov/veterans).

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PAYING (continued from front page)

Regulated trust plans are sold by funeral homes. The funeral home places your funds in a trust account and draws them for expenses at your death. Trust plans come in two forms. If the trust is **irrevocable**, you, the client, give up control of the money. Only the trustee (the funeral home) can change or cancel the plan. You can reassign it to another funeral home, but you cannot touch the money. If the trust is **revocable**, you retain control of the money. You can transfer it or withdraw it at any time, but you also owe taxes on any interest accumulated. At your death, the funds go to the funeral home, named as beneficiary.

Whatever the plan, the Funeral Consumers Alliance DOES NOT recommend pre-payment. Among the many pitfalls:

- If you change plans or move to another community, you might not be able to get a refund.
- If you buy whole life insurance and decide to cash it out before the funeral, you will get back less money than you put in.
- Many insurance plans pay nothing during the first years of a policy.
- Interest earned on trust accounts is supposed to protect against inflation, but in South Carolina the funeral home is permitted to draw up to 10 percent of the interest each year for administrative expenses.
- The money you pay may not eventually cover what you want. Your family may have to pay more or accept cheaper merchandise.
- Many people may not understand the contract or know who has control of their money.
- Your survivors may not know of your pre-payment and end up paying again.
- If you die away from home, and your fami-

ly uses another funeral home there, they may not be able to get a refund.

- The funeral home that holds your pre-need contract may be sold and the buyer may not honor your payment. Or your funeral home may go out of business.

Unfortunately, most states have weak consumer protection laws and do not make it easy for you to protect your money. In South Carolina funeral homes must send \$5.00 of each pre-need contract to the *Preneed Funeral Loss Reimbursement Fund* to protect consumers in case their funds are stolen through embezzlement, but that regulation does not cover all the risks of loss.

Even though we discourage pre-payment, there is one important exception: if you need to spend down assets to qualify for Medicaid. In that case, pre-paid funeral expenses are allowable. We recommend placing your funds in trust with the funeral home.

That exception aside, we recommend that you or your family save money in advance of need. A savings account at your bank is simple to arrange. Deposit a few dollars every week or month, and soon you will accumulate enough to pay for a funeral, especially if you opt for direct cremation or immediate burial. Be sure to add a second name to the account; otherwise, if you die, release of the funds could require the action of probate court. That second name needs to be someone trustworthy, however, since he or she has access to the funds.

A better option is to put your savings into a Payable on Death (POD) account, with the funds to be released to a designated individual at the time of your demise. That person will not have access to the funds while you are alive. This type of account is also known as a Totten Trust, and it is a simple way to transfer funds without going through probate proceedings.

(Continued on next page)

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Pre-plan, and file your plans with your chosen funeral home, and *with your family* (important!), but do not pre-pay.

Paying in Emergencies

Life is full of the unexpected. What if a family member dies suddenly, say by accident or medical emergency, and you have to pay for a funeral but have no savings? What do you do? In South Carolina the state provides no assistance. Public funds at the city or county level are usually available only to bury or cremate truly indigent decedents.

- First, set a budget that will allow you to maintain your living expenses and stick to it.
- Choose either direct cremation (the least expensive option) or immediate burial, using either the cheapest casket or even an alternative container, normally used for cremations. Call three to five funeral homes for their prices. Remember that with a burial you will also have cemetery costs that may exceed funeral home costs.
- Request help from extended family members and friends. You can appeal to distant associates through crowd-funding websites like Indiegogo and GoFundMe.
- Check with the deceased person's employer to see if they provide funeral benefits. Some labor unions do as well, but we do not have strong unions in South Carolina.
- If the deceased was a veteran, he or she may qualify for burial benefits, as described elsewhere in this newsletter.
- If the deceased was receiving Social Security benefits, the surviving spouse qualifies for a lump-sum payment of \$255. It is not much, but it helps. You must apply for this benefit. More information is available at the Social Security Administration website, www.saa.gov.

- You could appeal for financial assistance to churches, civic clubs, businesses, and other organizations with which the deceased was involved. Some may host fund-raisers to help needy families. Some churches will also provide facilities for funeral or memorial services free of charge.
- There are special loan companies that work through funeral homes, and credit cards, if available, are an option. Given the reality of high commercial interest rates, we believe borrowing should be a last resort.

FCA/CFA Report Shows Most State Funeral Boards Provide Scant Assistance to Consumers

Our national organization, the Funeral Consumers Alliance, in conjunction with the Consumer Federation of America, recently studied the websites of funeral regulatory boards in 49 states and the District of Columbia to see if they contained information of value to consumers.

The study listed six criteria that would make a website user friendly and helpful to a consumer planning a funeral. They were:

- An easy-to-locate, plainly identified link to consumer information on the home page
- A listing of basic consumer rights under the federal Funeral Rule
- A detailed explanation of a consumer's rights when purchasing pre-paid funeral arrangements, especially relating to refunds and to reassignments of purchase contracts to other funeral homes
- Links to other sources telling consumers how to make better purchasing decisions when buying funeral goods and services (e.g., the FTC's booklet "Shopping for Funeral Services")

(See **REPORT** on Page 4)

VETERANS (continued from front page)

Headstones and markers come in several styles but must be consistent with those used in the cemetery. For cremated remains, niche plaques are also available.

Families of veterans may request that burial be accompanied by a military honors ceremony and should make that request through the funeral home that prepares the remains. At least two uniformed personnel will perform the ceremony, which includes the folding and presentation of a flag and the playing of Taps.

If you are an eligible veteran, your spouse and minor children are also entitled to free burial in a national cemetery, even if they predecease you or if you are buried somewhere else. Adult children are eligible only if they are single and disabled or dependent. If you were the spouse of a deceased veteran, but have remarried a non-veteran, you may claim the benefit based on your previous spouse's service. Divorced spouses are not eligible. Benefits for spouses and dependents do not extend to burials in private cemeteries.

Additional benefits, including cash allowances, may go to families of service members who die on active duty, who die later from service-related injuries or illnesses, who die while under the care of a veterans' medical facility, or who die while collecting a veteran's pension or disability compensation.

If your preference is burial, or scattering of cremated remains, at sea, the U.S. Navy provides that service free of charge, but your family must arrange the preparation of the body by a funeral home or crematory and its transportation to the port of embarkation. The committal service requires the use of a flag. If your family provides it, the Navy will return it. Because sea burials must be done while a ship is deployed, families cannot attend. But the Navy will inform them of the time, date, and latitude and longitude of the committal service.

Regulations about veterans' burial and death benefits are lengthy and complex. For more detailed information, visit the website of the Department of Veterans Affairs, www.va.gov.

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REPORT (continued from page 3)

- A link to instructions on how to file a complaint
- A way for consumers to see if a funeral home has been subject to disciplinary action by the regulatory agency

Researchers assigned grades of A through F to state funeral boards based on how well they met those criteria.

Unfortunately, but not unexpectedly, most states fell far short of meeting the criteria. Only seven of the 50 (14%) earned an A. Five states made B and five C. Over half the states (26, or 52%) rated no better than D; and seven received an F. Hawaii was not rated because it lacks a state regulatory agency.

South Carolina was among the large group rated D.

The state bodies rated A were in Arizona, California, Kansas, Minnesota, New York, Oregon, and Virginia. The states rated F were Alaska, Delaware, Kentucky, Massachusetts, North Dakota, Pennsylvania, and Utah.

The study makes it evident that most state funeral boards are focused on licensing, regulating, and, it must be said, protecting the industry and not on helping consumers.

https://mcusercontent.com/dde9c6af68c05540fceb4835/files/d5dcb41b-efc5-370e-dc42-e4e353434158/2021_June_CFA_FCA_Report_State_Board_Websites.pdf

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Dave Coverly © Speedbump 2012

A Solution to the Complications of CLS

You are at risk; we all are at risk. Are you aware that studies have shown that 10 out of 10 Americans will experience Cessation of Life Syndrome (otherwise known as CLS) at some point in their lives, usually at the end? You would think that something like this would demand attention, but most families refuse to talk about it. You or a loved one may be at risk of complications from CLS if...

- You think it is “morbid” or “bad luck” to make end-of-life plans.
- You make nervous jokes and cut off attempts at conversation without making any decisions.
- You speak about it in the subjunctive mood: “in case something should happen to me.”

CLS most definitely will happen, and complications can arise when least expected. Fortunately, we at the Funeral Consumers Alliance of South Carolina have a tested remedy. It is a handy funeral planning kit called “Before I Go, You Should Know.” It has space

for you to organize all your important information so that your loved ones will know exactly what you want and what to do when CLS occurs. Better yet, you don’t need an undertaker’s prescription; you can write it all on your own. You can use it while eating or between meals, in the morning or evening, before or after exercise. Be aware, though, that its potency diminishes if it sits too long unopened. For maximum efficacy, talk about it with family and friends.

Side effects of taking this remedy may include organized thoughts and plans, peace of mind, and family tranquility around end-of-life issues. Watch out for feelings of superiority to people that refuse to think about CLS. Serve as a humble example to them, instead.

End complications of CLS. Order “Before I Go, You Should Know” from your national Funeral Consumers Alliance. Your options are a letter-sized, spiral-bound booklet (price: \$15.00) or a digital download that you can print out (price: \$9.99). Order from the FCA website funerals.org/bookstore, or by calling 802-865-8300. The digital version is available only through online orders.

Remember: planning ahead is a gift of love.

(Adapted from FCA, “The Grim Reader,” 2015)

We are grateful for the generosity of our donors whose gifts enable the FCASC to continue to make this publication possible. Many of our readers now receive the Newsletter online, but many still request a paper copy, and the need remains to offset the cost of printing, labels, and postage, which is over \$2 per paper copy.

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CHANGE SERVICE REQUESTED

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YES! I wish to support the valuable work of the FCASC. I am enclosing the following amount in order to help with the acquisition of resources, as well as the publication and distribution of information regarding the funeral industry:

_____ \$100 _____ \$50 _____ \$25 _____ \$10 _____ Other

I would be interested in knowing how I could volunteer time to help in the activities of the FCASC. My contact information is:

Name: _____ Phone: _____

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