

Plain Talk

From the Funeral Consumers Alliance of Maryland & Environs (FCAME)

Planning your after-death care simplifies the funeral process for your survivors

Death can be sudden and unexpected. Planning your own after-death care may be uncomfortable, but it offers many benefits.

Planning puts you in control and ensures your wishes are known.

Your funeral arrangements can be simple or elaborate. Let your personal philosophy guide your choices.

Planning enables you to check out the alternatives and make informed, thoughtful decisions yourself.

If cost is a concern, planning allows you time to compare the benefits of cremation vs. funeral and burial.

It is prudent also to compare what's available from different funeral homes in our area because costs for products and services can vary widely, according to FCAME's 2010 Mortuary Price Survey.

Deciding in advance where your remains will be buried, entombed or scattered will enable you to purchase a burial plot, if desired, at a cemetery you select. This will avoid the need for a rush purchase, possibly at a higher price or in a less desirable location, in the short time between the death and burial.

Planning your after-death care simplifies the funeral process for your survivors, and eases the pain they would experience from having to decide - in the midst of their grieving - what you would have wanted.

Planning can provide you peace of mind from knowing "your affairs are in order".

Planning also allows you to set aside the necessary funds in advance for your after-death care to relieve your family of that financial burden.

While planning your after-death care is a good idea, there are advantages and disadvantages to consider in deciding whether to "prepay" for a funeral.

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Green burial becoming more popular

by Ashley Martinez

Earth-friendly, green burial has been growing in popularity in recent years. The primary intent of green burial is to return one's remains to the earth as simply and naturally as possible.

That means no embalming, no use of metal caskets, concrete vaults or other grave liners, and ideally, not burying the deceased in a conventional cemetery with resource-intensive grounds maintenance.

Green burials conserve energy, protect mortuary workers (from exposure to toxic chemicals and possible infection), reduce carbon emissions (from cremation, metal casket manufacture, and cemetery grounds maintenance) and promote environmentally-responsible burial practices. The end result is a return to traditional practices used in this country before the rise of the modern funeral industry we know today.

With green burial, interment of the deceased is in a biodegradable container such as a cotton or linen shroud, body basket of wicker, or a simple casket made from a plentiful softwood like pine. Bodies are laid in the ground, often in a woodland setting, on one's own land or other burial ground. Headstones, if used at all, usually are set flush to the ground, and bushes or trees can be used in place of monuments.

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Planning after-death care simplifies the process (cont.)

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Advantages of prepaying

Having after-death care paid for in advance will ensure that others will not have to make and pay for your final arrangements.

Purchase of a “guaranteed plan” will enable today’s prices to be “locked in” as a hedge against inflation for many of the products and services you may want.

Another advantage to paying for a funeral in advance is you can set funds apart from other assets (i.e., spend down one’s assets) if you will be applying for Medicaid.

About 1 in 4 Americans age 50 plus (some 20 million people) pay in advance for a funeral service, according to AARP.

Prepaying for a funeral, also referred to as “preneed” and “prearrangement contracts”, is encouraged by the funeral industry.

Disadvantages of prepaying

However, prepaying for a funeral has many shortcomings too.

You might change your mind about the kind of arrangements you want.

If you move or die in another area, a preneed contract may not be transferable, and transporting the body back to the funeral home you have the agreement with can be expensive.

The funeral home you contract with may close or change ownership.

Money paid today for funeral arrangements may be needed for emergencies or other purposes.

Money paid today for other than a guaranteed plan may not cover the cost of what is wanted when the services or merchandise are needed in the future. Or the opposite may happen: increased competition may cause prices for funeral services in some areas to decline over time.

In a number of states, part or all of the interest earned on the money you prepaid may be withdrawn each year by the seller as part of his administrative fees.

In a number of states, a consumer can lose as much as 10% of the funds invested in a trust if a refund is sought. The consumer also may lose a portion of the earnings on the investment.

Fees or penalties for cashing in an insurance contract before it pays off might be even stiffer depending upon the plan agreed to with the insurance company when the policy was created.

Guaranteed plans usually exempt items such as flowers, music, obituary notices and death certificates. Changes such as upgrades in caskets or a switch to another funeral home may void any price guarantee.

There have been many instances of outright fraud and embezzlement of “preneed contracts” by funeral homes across the country. Local newspapers contained stories on two instances of this in Maryland just in the last year.

To overcome such problems, a trust fund has been created in Maryland to provide full or partial repayment of “preneed” money stolen by a mortician licensed in the state after guilt has been determined at appropriate hearings.

Put all your wishes in writing

When specific arrangements are made in advance, be sure to tell your family about them and where the documents can be found (so they don’t end up paying for arrangements a second time).

Put all your wishes for after-death care in writing, and ideally you can discuss your wishes with family members too so they understand and accept what you want.

A convenient way to record your wishes is by using the “**After I’m Gone – A Planning Checklist**”, copies of which can be found on the FCAME website, www.mdfunerals.org.

The FCAME website also has the full 2010 Mortuary Price Survey so you can compare prices for basic services at different establishments, as well as an article on 12 ways to avoid overpaying on funerals.

Prepaying for a funeral can be handled via a special account, insurance or a trust

If you decide the advantages of prepaying for a funeral outweigh the disadvantages (see previous page for a comparison), there are three basic ways to set aside money in advance.

Pay-on-death account

An individual "Totten trust" or "pay-on-death account" can be set up in your name to cover the cost of the after-death care arrangements you have selected. The money is deposited in a bank or other financial institution in a savings account, certificate of deposit (CD) or money market account payable to a beneficiary of your choice. The consumer controls the account and can withdraw money from it at any time.

The funds will be available immediately at the time of death without the delay of probate. Interest earned on the account will help cover rising funeral costs, but is subject to income tax.

Insurance-funded plans

Life insurance or an annuity contract may provide a death benefit, but the rate of growth of insurance is usually less than at a bank.

Buyers who cancel insurance policies usually are entitled to receive only the cash value, which means commissions and costs such as administrative expenses are deducted before any refund.

Morticians often sell "preneed" insurance to cover the cost of services and merchandise you contract for with them, and expect to be named the beneficiary.

Other insurance advertised as "preneed" that is not tied to specific funeral goods and services may be simply life insurance. You choose the beneficiary you want to control the use of the funds. Such insurance is more portable than a preneed plan tied in with a specific mortuary, so will work better if you die while traveling or move to another area.

Regulated trusts

An **irrevocable** trust is the approach to take when seeking to spend down and protect a person's remaining assets when seeking to

qualify for a public assistance program such as Medicaid. An irrevocable trust cannot be cancelled and the buyer may not withdraw the trust principal or interest. However, the buyer may transfer his money from one funeral home to another.

A **revocable** trust is more flexible, but restrictions vary by state. In Maryland, a buyer whose preneed contract is set up as a revocable trust may cancel the contract with a funeral home and get a refund plus interest, or the buyer may transfer the contract to another funeral home.

When a trust is transferred to another funeral home, a preneed contract will need to be executed at the new funeral home.

It is prudent to utilize the services of an attorney experienced in elder law and commercial trust agreements in your state before signing any trust agreement.

No matter the approach taken when setting aside funds for after death care, you should be fully aware of all fees, cancellation and refundability rights, as well as any penalties and restrictions. It's particularly important that all your rights be clearly stated in writing before you sign anything.

FCAME 2010 Annual Meeting Held

The annual meeting of FCAME was held October 30 at the Cedar Lane Unitarian Universalist Church in Bethesda, MD.

Barbara Blaylock, FCAME president, reviewed the many accomplishments of the past year including publication of a new mortuary price survey, writing brochures about planning for after-death care for families facing terminal illness, and rewriting of FCAME's by-laws.

Those in attendance approved the revised by-laws and reelected Earl Kragnes to the board. Most of the meeting was devoted to Susan Cohen from the Maryland Office of Cemetery Oversight Advisory Council and board members discussing planning for after-death care.

Plain Talk is the newsletter of the Funeral Consumers Alliance of Maryland & Environs, the volunteer-run regional chapter of a national non-profit consumer education and advocacy organization, the Funeral Consumers Alliance (FCA). FCAME serves residents in Maryland, DC and Delaware.

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of Maryland & Environs**

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Green burial is a return to traditions of our forefathers

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The Green Burial Council (GBC), which is an independent, non-profit organization “working to encourage environmentally sustainable deathcare,” provides training in green burial to morticians as well as accreditation to funeral homes and cemeteries meeting their standards. The GBC has approved more than 300 providers in North America; a list can be found on their website at www.greenburialcouncil.org.

There are no GBC accredited funeral homes or cemeteries in Maryland or the District of Columbia, but Delaware has one accredited funeral home. Virginia has three GBC accredited funeral homes, while Pennsylvania has 13 accredited funeral homes and two conventional cemeteries that offer the option of green burial.

Lack of knowledge about green burial requirements and misperceptions about high

development and maintenance costs are two of the hurdles to having green cemeteries in our area, according to Joe Sehee, Executive Director of the GBC.

Another obstacle to instituting green burial practices is that many cemeteries require a concrete vault be placed around the casket to prevent sinking of the land above graves following decomposition, which makes grounds maintenance more difficult.

Many environmentally-friendly after-death practices can be requested by consumers as there is no legal requirement for embalming, and a range of biodegradable wood caskets are available online and from funeral establishments. Bodies can be cremated without any casket, some crematories generate lower emissions into the air, and biodegradable urns are readily available.