BurialFinalExpense

FREE GUIDE

The burial insurance money guide

Who is paid, how, and when

Burial insurance is a small whole life policy, often $5,000 to $25,000, that pays a lump sum to the person you name. This guide explains where that money goes and what to check before you buy.

1. Who is paid

The insurer pays the**beneficiary named on its own records**, not the person named in a will. That person decides how to spend the money. If you sign a**funeral home assignment**, the home is paid first from the benefit and the beneficiary receives the balance. The insurer and the funeral home both have to accept it, so ask each one.

- Name an adult who is local, reachable and willing to deal with the funeral home.
- Name a backup in case the first person cannot act.
- Avoid your estate: the money then waits for probate.
- Check the form after a marriage, a divorce, a birth, a move or a death.

2. What the plan type pays in the first two years

Plan type	Health questions	Death from illness, first two years	Death from an accident
Day one payout	A short list, no red flags	Full amount	Full amount
Two year ramp	A short list, some yes answers	A reduced amount, then full after the wait	Usually full
No questions plan	None	Usually a refund of premiums, sometimes with interest	Usually full

General education, not insurance, legal or tax advice. Figures are examples unless a source is named. Prices and rules vary by state and insurer.

> Ask the agent to confirm in writing how the exact plan treats a death from illness and from an accident in the first two years. This is the column most buyers miss.

3. The bill comes before the check

A funeral home usually bills soon after the service. An insurance claim takes time, and an estate can take weeks or months to open. Families bridge the gap in five common ways.

1. Ask the insurer and the funeral home about an **assignment** before you need it.
2. Ask the funeral home whether it offers a **payment arrangement** while the claim is paid.
3. Use **cash a relative can reach within days**, such as a joint account.
4. Use a **credit card on purpose**, only if the claim will clear it quickly.
5. Ask relatives to share the cost, with the itemized bill as the common number.

4. Your price rights at a funeral home

The FTC Funeral Rule gives you these rights. The source is listed at the end of this guide.

- Buy only the goods and services you want, not a package with items you do not.
- Get price information by telephone without giving your name or number first.
- Get a written General Price List to keep when you visit.
- See a written casket price list before you see the caskets.
- Receive a written statement of every item and its price before you pay.
- Use a casket or urn you bought elsewhere, with no fee for handling it.
- Choose an alternative container instead of a casket for cremation.

5. Two other sources of money

Social Security pays a **one time $255 death payment** to an eligible spouse or child, which covers only a small part of a funeral. A veteran may qualify for a VA burial allowance: check the current amounts at va.gov. There is no national program for funerals, so help for a family that cannot pay is local, through a county, city or state office. Call before you sign with a funeral home, because some programs only help when you apply first.

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6. Questions to ask an agent

- [ ] Which plan type am I being offered, and what is paid for a death from illness in the first two years?
- [ ] Is the monthly price guaranteed for life?
- [ ] Does the insurer accept a funeral home assignment?
- [ ] What is the grace period in my state, and can a lapsed policy be reinstated?
- [ ] Is the insurer licensed in my state, and what does the state guaranty association cover?
- [ ] How is the agent paid?
- [ ] If I may need Medicaid, how does my state count a policy?
- [ ] What is the free look period, and how do I return the policy?

> Do not count on an approval or a price until you see the insurer's written offer. A no from one insurer is not a no from all of them, so ask an agent who works with several.

Sources

- NAIC: Life insurance consumer guide
  content.naic.org/consumer/life-insurance.htm
- FTC: The Funeral Rule
  consumer.ftc.gov/articles/ftc-funeral-rule
- Social Security Administration: Survivor benefits
  www.ssa.gov/benefits/survivors/
- VA: Veterans burial allowance
  www.va.gov/burials-memorials/veterans-burial-allowance/

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