

For more information

If you would like to learn more about your funeral planning options please contact:



What Are Your Funeral Planning Options?



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The contents of this brochure are to be used as a guide only and are general in nature. We highly recommend when considering funeral planning that you sit down and discuss your options with your preferred funeral firm.

A funeral is a beautiful celebration of one's life and pre-planning helps protect those that we leave behind.



Your Funeral Planning Options

With so much advertising to be seen these days about 'funeral planning' it's little wonder why so many of us get a bit confused about the best option to take.

Funeral planning is a highly emotional and personal matter, and let's not forget the financial commitment that comes with such a decision.

When planning ahead there are many aspects to consider, and what may seem simple and cheap on the surface may in the long run prove to be a very expensive option for you and your Estate.

This brochure has been designed to provide a summary of the three main funeral planning options and we hope it helps remove some of the confusion surrounding each of them.

Your funeral planning options include:

- › Option One – Funeral Insurance;
- › Option Two – Funeral Bonds;
- › Option Three – Pre-Paid Funeral Plan.

Option One: Funeral Insurance

As harsh as it may sound there is no doubt that funeral insurance is the best option for people who expect to pass away in a short period of time. Unfortunately research shows that after only 7 years you will pay more in premiums than the actual cost of your funeral.

When considering funeral insurance the main points to remember are:

- › You must continue to make monthly payments generally up to age 90;
- › Failure to make one monthly payment and the Insurance Underwriter can cancel your funeral insurance;
- › You receive nothing back if you stop making payments or if your policy is cancelled;
- › There are no pension advantages;
- › You have limited cover in the first year - accidental cover only;
- › You cannot select your preferred funeral director;
- › You cannot specify what you want in your funeral;
- › You cannot guarantee that your funeral insurance claim payment will even be used to meet your funeral expenses!



Option Two: Funeral Bonds

The main problem with funeral insurance is you may end up paying more in premiums than the actual cost of your funeral. For example if you take out funeral insurance at age 60 for a \$6000 funeral you will pay:

- › Over \$7,000 in total by age 70;
- › Over \$14,000 by age 75;
- › Over \$28,000 by age 80;
- › Over \$85,000 by age 90.

Note: At age 91 your funeral costs are estimated to have increased to over \$20,000 and your funeral insurance benefit will be approximately \$24,697.

Source: Rice Warner Actuaries report on Pre-Funding Funerals Cameos Comparing Products prepared for InvoCare, September 2010

IMPORTANT NOTE:

With funeral insurance it has been actuarial proven that there is a likelihood ranging from 76% to 89% (depending on your age and gender) that you will live beyond the point that the premiums you pay for the insurance will exceed the benefit you receive.

A funeral bond is a capital guaranteed investment whose specific purpose is to meet future funeral expenses. When considering a funeral bond the main points to remember are:

- › It is a secure investment in your name;
- › It helps relieve the stress and the financial burden of funeral expenses;
- › You can invest up to \$11,500 (indexed annually);
- › The bond grows in value as it enjoys annual bonuses;
- › Monies invested are not deemed part of your assets nor bonus payments part of your income for pension purposes;
- › You can invest as little as \$25 per month when making regular contributions;
- › You can stop making payments at any time and the money is still there in your name;
- › Monies invested in a funeral bond must be used to contribute towards the cost of your funeral;
- › A funeral bond can be taken out in joint names;
- › You can nominate your preferred funeral director;
- › Your investment is portable and moves with you should you change your place of residence;

A funeral bond is an effective investment vehicle through which you can financially protect your loved ones.



Option Three: Pre-Paid Funeral Plan

A pre-paid funeral plan is a written contract between you and your funeral director. It details the funeral service of your choice and you pay for it at today's prices. When considering a pre-paid funeral plan the main points to remember are:

- › You choose your preferred funeral director;
- › You decide on the funeral service that you want;
- › You receive a written contract documenting your wishes;
- › You pay for it at today's prices – you know exactly what your financial commitment is and there is no more to pay;
- › You answer all the funeral questions now many of which your loved ones may struggle with in the future;
- › You protect your loved ones from both financial and emotional stress;
- › Your investment is not deemed an asset so it can help maximize your pension entitlements;
- › You are not limited in the amount you invest;
- › Generally you can pay for your Plan by installments over a three year period;
- › Your investment is held at arm's length from the funeral director;
- › You are protected should your funeral director no longer be operating as your investment is in your name.

Some Funeral Planning Statistics

- › An estimated 1,000,000 Australians over the age of 55 have (to some degree) pre-planned their funeral.
- › Pre-paid funerals are covered by specific legislation in all States except Western Australia, ACT and NT.
- › 65% of all funerals are cremations, 35% are burials.
- › Pre-paid funeral plans are the most popular planning option.
- › Not all cemeteries allow you to pre-purchase a burial plot.