

Ask the Undertaker

By Ryan Helfenbein

We all have experience with (and opinions about) insurance. It has become a go-to mechanism for protecting ourselves against the "what ifs" that may occur. Car insurance is mandatory to cover part of accident damages. Homeowners insurance is required to cover some damages to our home. Health insurance is now required by the government to cover much of our medical treatment. The interesting aspect of each of these is that each one is required to provide protection from the chance that something may occur. However, nowhere is it required for each of us to obtain protection from the one thing in life it is certain that we all will face -- our death expenses.

"Hold on," you might say, "I have protection against these expenses." Or do you? Perhaps it is insurance coverage that is through an employer, the government or one of those policies that Alex Trebek or AARP sells on TV. Whichever it may be, we need to realize that these general life insurance policies still may not provide the necessary coverage needed when our family is sitting across the table from funeral representatives. How can one be sure that funeral expenses will be paid for, and more importantly, how can we leave nothing to chance?

First, let's take a peek at some of these general life insurance policies. What about the insurance that is so widely promoted to cover these funeral expenses? It is not completely wrong when policies promote that they can cover funeral expenses, but there's a chance that you still may not be fully protected. Since these policies have cash value, they are considered assets and could be absorbed by Medicaid in order to receive medical assistance in the future. Many times funeral directors sit down with families that wish to use one of these policies, only to learn that some or all of the benefit has been absorbed due to the spend-down that occurred just a few months before the insurance was needed.

Another common shortfall of these policies is that they are for a fixed amount, based on an old final expense estimation and not up-to-date numbers of a funeral firm. In other words, grandma's policy that was taken out 40 years ago, while substantial enough to cover expenses then, may not be able to cover even half of what the expenses may be today. This has become a common

disappointment for many families when using these general life insurance policies.

The second type of insurance protection that many undertakers see is group insurance. For example, the deceased may have had railroad retirement, government, military or an employer's insurance. These policies are great in that they're often offered at a reasonable cost or as a benefit by an employer. Unfortunately, families may be left in a lurch as these policies often can't be assigned to the funeral home to pay for the final expenses. This forces loved ones to be in the position of having to pay out of pocket and wait weeks or even months for reimbursement from the insurance company.

So what is the answer? What is the best way to spare your family from having to discuss finances and ultimately shell out money at a time of grieving? It is called Forethought, a funeral industry-designed whole life insurance plan that is irrevocably assigned for the use of funeral or cremation expenses. There is no hassle, lengthy claim process or even the need for a death certificate. The funeral director signs off, the family representative signs off and presto, the funeral or cremation expenses are paid. The great thing about this program is that it was created by the funeral industry, which knows what a consumer needs and ultimately what a funeral home is going to require for services when difficult financial discussions take place. With this program, that awkward situation is eliminated. Policy owners can rest assured that the financial obligation is not left to fall on loved ones.

Insurance is best judged by the benefit it provides. When it comes to life insurance, the purpose is life -- providing ongoing living expenses. It's designed to cover debt, loss of income and in a best-case scenario, the costs of a grandchild's education. The funeral industry's Forethought program is there to cover the one thing that is going to occur. After all, do you know what the mortality rate is of an Annapolis resident? Let's just say it's a little better chance than a home fire, car crash or even major health scare. It's 100 percent.

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