

Parent Care: Read the fine print on prepaid funeral plans

by Marsha_Kay_Seff

As if planning a funeral isn't confusing enough, there's a new option: "green" burials. Some families are forgoing formaldehyde embalming and laminated caskets in favor of eco-friendly, natural-fiber shrouds and coffins made from cardboard, recycled newspapers or bamboo, lined with unbleached cotton.

I flashed on this trend while reading a new report about prepaid funeral-plan scams. A 2007 AARP survey of 1,087 Americans 50-plus found that 23 percent made prepayments on funerals, burials or both. Dan Isard, founder of a consulting firm for funeral homes, estimates that \$18 billion is invested in pre-need accounts.

AARP offers these tips for reviewing funeral contracts so you or your parents won't be duped:

- Think it over before buying: Instead of buying ahead of time, an option is depositing money in a separate interest-bearing account at your bank.

- Bring a magnifying glass: Check the fine print to see what's covered. Prepare a list of uncovered expenses and inform the survivors.

- Ask about refunds: Be certain the contract can be transferred in full to another mortuary or the funds can be refunded in case you move or change your mind.

- Follow the money: Know where your pre-need payments are being invested.

- Plan for change: Ask what happens if your circumstances change.

- Review your finances: If you're close to being eligible for Medi-Cal, check with an elder-care lawyer. It might make sense to put some of your money into an "irrevocable" pre-need funeral plan.

- Ask an attorney or trusted adviser to review the contract before you sign.

Obviously, not all prepaid plans are a scam. But you need to be careful.

My folks both bought prepaid plans, and it took some of the sting out of their funerals. Even so, mom's policy didn't cover her transportation from San Diego back to Miami. And both funerals ended up costing an extra \$1,000 or so for incidentals. The funeral homes charged for flowers, which were not covered by the plan. We hadn't ordered them, so we didn't pay.

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