

SmartMoney

AS FEATURED MARCH 2005

THE WALL STREET JOURNAL MAGAZINE OF PERSONAL BUSINESS

10 Things

By Erika Rasmussen Jones

Your Funeral Director Won't Tell You



1. "Business is slow, but my prices are high."

Americans haven't been kind to the funeral industry of late. The reason? U.S. life expectancies are at an all-time high, and the number of deaths is estimated to be flat, at best. The result: Funeral homes are struggling to find new areas for growth.

In most industries, that would mean price wars. Less so in the funeral industry, where consumers often choose providers based on just three criteria — location, family history and personal recommendations. Funeral directors know many customers don't shop around, and they charge accordingly. The average cost of a funeral as of July 2004 was \$6,500, according to the National Funeral Directors Association.

To protect consumers, in 1984 the Federal Trade Commission put in place the Funeral Rule, which requires all funeral homes to provide a written price list that itemizes fees. But some funeral homes don't provide it — or else they exclude simple options such as direct cremation or burial, or bundle things that consumers aren't required to buy, like vaults or transportation services.

The best defense? Shop around. Call and request price lists (ask to have them mailed to you) from several funeral homes in your area.



2. "Cremation is killing my profits — and you're going to pick up the slack."

According to the Cremation Association of North America, cremation rates in the U.S. increased 31 percent from 1996 to 2002, to 28 percent of all deaths. By 2025 that number is projected to reach nearly 43 percent. Since cremation can cost about a third of what an average funeral brings in, this is bad news for funeral directors.

To make up for lost revenue, many homes promote extra products and services. While grieving families are often relieved to hear that cremation can include such traditional funeral elements as a viewing and memorial service, some of the add-ons can be unnecessary or even downright deceptive. You aren't obligated to have a casket for a cremation; funeral directors who offer the most basic type of cremation are required to disclose your right to buy an unfinished wood box or an alternative container — and to make such a container available.

If you're having a viewing before the cremation and want a casket, ask about renting one from the funeral home. While it may be an unsettling concept, it can save you money as long as the rental price doesn't exceed the cost of an inexpensive casket (it often can).



3. "You don't have to buy your casket here."

One of the biggest funeral expenses, in fact, is the casket itself. The average price is around \$2,000, but some models can easily surpass \$10,000. Funeral directors are required by law to provide a list of prices for every casket they sell before showing them, but they don't always have all models available on display. If you don't see inexpensive models when you're shown the selection, ask about them.

In fact, you needn't purchase the casket from the funeral home at all. Third-party dealers selling reduced-cost caskets have sprung up in the past decade; caskets are now available for purchase over the Internet, at funeral supply stores and even at some Costco stores. Funeral directors are required by law to accept caskets purchased from these outlets, and they cannot legally charge you a fee for doing so.

But that doesn't mean some funeral directors don't try to discourage it. When Patricia Anzelmo, a bookkeeper from Stow, Mass., purchased an \$1,800 casket for her stepson from Casket Royale, she says her funeral director advised against it. "He tried to put a fear into me that I wasn't going to be happy with it and that it was going to be cheap," she says. "But the casket was gorgeous."



4. "We'll play your heartstrings like a harp."

When Erin Strout's grandmother died in 1998, Strout's normally frugal grandfather purchased a \$14,000 package that was packed with extras, including the release of a live dove at the burial site. "Neither my grandmother nor my grandfather is really a release-a-dove kind of person," she says.

Other common pitches include everything from "protective caskets," metal caskets that claim to delay the penetration of moisture and can add \$1,000 to the cost, to extras like journals and photo frames. Forest Lawn Funeral Home in Goodlettsville, Tenn., offers a silver-plated picture frame, crystal pen and access to a "grief management library" as part of its \$13,099 "Platinum" package.

Even worse are questionable marketing practices. It's common for a funeral home to stamp the words "temporary container" on the cardboard box cremated remains are returned in, so the family will want to buy an expensive urn. Another trick: marketing things like transportation or steel caskets as part of a "traditional" service. "A lot of people are cowed [by that]," says Joshua Slocum, executive director of the Funeral Consumers Alliance.



5. "Embalming is optional."

Most people think embalming, the process of chemically preserving a body, is a necessary or even legally required part of the undertaking process (after all, that's what they do in all those scenes in the basement of the Fisher house on HBO's *Six Feet Under*). Not true: Embalming is almost never necessary in the first 24 hours and is not required at all in many cases — when you choose cremation or immediate burial, for example, or when plain old refrigeration is available.

If you're holding a public viewing, the funeral home itself may have an embalming policy, but that's different from a law. "The funeral industry stresses the notion that in order for anybody to come to terms with death they must see embalmed bodies. That's malarkey," Slocum says. Funeral directors promote it, he says, not only for the embalming fee itself, but also because if you're paying for the embalming and beautifying of the body — which can cost up to \$1,000 — it's easier to sell you a fancier casket. If your funeral home has such a policy and you're opposed, ask if it will hold a private viewing for family members without embalming instead. The bottom line? "Don't feel obligated just because it's [considered] normal," says Slocum.



6. "You might not need me at all."

Only a few states require you to hire a funeral director at all. In most places, it's perfectly legal to plan and conduct a funeral in your home. While there are no hard statistics on home funerals, "public interest is definitely growing," says Lisa Carlson, author of *Caring for the Dead: Your Final Act of Love*. Experts say the option can make the grieving process more natural. "It allows [people] to feel all their emotions rather than showing up at a building and having to leave an hour later because there's another funeral," says Jerri Lyons, founder of Final Passages, a group that educates consumers about alternative funerals.

That doesn't mean it's easy. When Elizabeth Knox held a home funeral for her daughter nine years ago in Silver Spring, Md., she says the hospital where her daughter died refused to release the body to the family; she then had to call four crematories before finding one that would let the family act as funeral director. Last summer, when she conducted a home funeral for her mother in New Jersey, Knox was erroneously told by state officials that she couldn't transport her mother's body herself. Knox's frustrations prompted her to form a nonprofit group (www.crossings.net) to guide others through the process.

7. "Prepaying benefits me, not you..."

So-called preneed funeral arrangements seem like a good idea on paper: Customers pick out the elements of their own ideal funeral and sometimes pay for it in advance, thus protecting their relatives against escalating prices. The costs are generally either paid up front in part or in full with a percentage put into a trust, or covered by taking out a preneed insurance policy and making monthly payments.



Either way, prepaying is a better deal for the funeral home. Under the upfront option, the funeral home pockets as much as 50 percent of the payment immediately, so if it goes out of business or you change your mind, you won't necessarily get all your money back — and less money earns interest in the trust. Preneed insurance policies, meanwhile, aren't usually refundable, and you may only get pennies on the dollar if you cash out of them. Even worse, if you live long enough, the monthly premiums can end up costing more than the funeral you wanted in the first place.

That's what almost happened to Patricia Cairns, a retiree in Myrtle Beach, S.C. Cairns selected a funeral plan valued at \$5,842 and bought an irrevocable insurance policy with monthly premiums of \$86.43. "What they never told me was that I had to pay on this until I was 80," she says. By that time, she calculates, she would have paid \$10,371.60 for a funeral that was purchased for \$5,842.

How to avoid falling into a similar trap? Mark Musgrove, immediate past president of the National Funeral Directors Association, says, "It's always smart to find an adviser to review the information before you...make a decision that may cost thousands of dollars." You can also read the association's "Consumer Preneed Bill of Rights" available at nfda.org/page.php?pID=30.

8. "...and it doesn't cover everything."

Even if you do prepay, chances are your loved ones will still have to open their wallets, as there are many items commonly found on funeral bills — such as autopsy charges, flowers, and grave opening and closing fees — that can't be included in preneed contracts.

Relatives may also get stuck shelling out for the casket, since a model picked out 15 years ago may no longer be available. It's not uncommon for a model to be discontinued, and while there may be a similar replacement, prices will probably have increased.

Even worse, a funeral director may claim the desired casket is out of stock — a convenient opportunity for an upgrade. "It's definitely a huge red flag if [you're] asked to buy a more expensive casket" when a preselected model is simply out of stock, says Darrell Simpson, vice president of Wilkison-Hatch-Bailey, an independent funeral home in Waco, Tex. — especially when most of the larger casket-manufacturing centers are willing to deliver a casket either the same day or by the morning of the next day.

9. "At the crematorium, anything goes."

In 2002 the funeral industry and the general public were appalled by news of decomposing remains found at a crematory in Noble, Ga. The cremation association quickly responded by revising a model state cremation law to include certification and training requirements. But in most states crematories are still not required to have inspections or certification.

A class-action lawsuit against the Georgia crematory also asserted claims against several funeral homes for failing to ensure that cremations were performed properly (or, in fact, at all). The funeral homes settled for roughly \$36 million, and the crematory later settled for \$80 million.

To help protect your loved one, the AARP recommends using a crematory that does undergo public inspections and to inquire about the training of the facility operators.

10. "Green' burials have me feeling blue."

In addition to home funerals, another movement in the funeral industry is burial in "green," or natural, cemeteries — which prohibit embalming, metal caskets and concrete burial vaults, and generally forbid traditional headstones in favor of small, engraved indigenous stones, trees or shrubs. While the practice is still rare, it has started catching on among the environmentally — and economically — conscious. "There's increasing interest in it," Slocum says. "It's really a return to the way we always used to do it."

Of course, this is just more bad news for funeral directors, who make their money on all the extra products and services, like metal caskets and embalming, that green cemeteries prohibit. "They don't know what to think of [the trend]," Slocum says.

In addition to being green, forgoing embalming services and selecting simple wooden caskets can save consumers thousands of dollars. At one green cemetery, Ramsey Creek Preserve in Westminster, S.C., caskets aren't even required at all.

While there are still just a handful of such cemeteries in the U.S., you can take advantage of green options such as forgoing embalming and using wooden caskets anywhere.

