

# FUNERAL PLANNING

What is funeral planning? Why do we need to do it? Do I take out funeral insurance, or a funeral plan? What are the differences between these two? Which is the best option? Which is the cheapest option? Will my family have enough money to pay for my funeral? What happens if they don't? If I take out an insurance or plan, will my money be secure?

These are some of the questions that are constantly asked and the following information should help you to make an informed decision on which is the best option for yourself and your family.

**Funeral Plans** - A Funeral Plan, is a product that you are purchasing and not a funeral or life insurance. Therefore a plan can be purchased regardless of age or health. Medical declarations or medical history is not a requirement. Most funeral plan providers give you the option of paying the costs in full, or over a set period of time, although interest costs may apply. With a funeral plan, you must remember that the balance of the plan must be paid (if you have chosen instalment options), before the funeral cover can come into effect.

Some funeral plan providers also allow you to have two plans in place, but will only charge you for one plan. Therefore the cover will come into effect on the death of the first plan holder. The second plan holder then has the option, to pay for a plan in their own right or choose not to take out a plan at all. Although please be aware, that the cost of the second plan, may be higher if the plan costs have increased since the first plan was purchased.

Most funeral plan providers in Spain provide dual county cover. Therefore the funeral would be paid for in Spain, but also back in the UK if you died over there whilst on holiday. Or, if you were to return permanently back to the UK, most funeral plan providers will give you the option of nominating a Funeral Director in the UK and this should not be levy to any additional charges.

When taking out a Funeral Plan, always establish, to where and to whom your money is being deposited with. Reputable Funeral Plan providers will have a Trust Fund, which should be independently managed. This ensures that if the Funeral Plan Providers business becomes insolvent, your funds are protected in the Trust Fund and will

be available at the time of need. Also, ask to see who manages these accounts and oversees the audit processes. Any financial organisation which manages your money should be a member of the FSA. The FSA will have internal rules, governing the managing of your money. Obviously these rules only apply to Funeral Planning providers who operate in the UK. If you entrust your funeral plan with a company based out of the UK, always ask for full financial details and what audit processes are in place. If you are unsure about the financial stability of any Company, then look elsewhere!

What are the costs? These can vary from 3000 pounds (3450 euros) for a basic funeral plan, which will cover you for your cremation and all the administration costs, up to 7,700 pounds (8,500 euros) per plan. This cost would be based on a full repatriation of the body back to the UK.

**Funeral Insurance** – Funeral insurance is a policy that you take out in the eventuality of your death. For funeral insurance, you will need to have general good health and most policies will not allow you to take out a policy once you reach the age of 68. However if you took the policy out before this age, then the insurance will continue until you either cancel the policy or your death. Funeral Insurance can be taken out for an individual, couple or family. The payments can be paid monthly, quarterly, 6 monthly or annually.

If you previously held funeral insurance in the UK and you moved permanently to Spain, the chances are that your cover would not be extended overseas. With most Spanish insurers this is exactly the same. They do however give you cover for up to 90 consecutive days out of Spain, this enables you to go back to the UK for holidays etc., and you can be assured that if your death occurred overseas or in Spain, the funeral costs would be met.

With funeral insurances, you have to check the level of cover which is being provided. Many policies have limits on their death pay-out, or the services which the policy provides. The best advice would be to choose a policy that is written in English. This ensures that you and your family know the exact cover which you have and avoids any distress if the insurer does not pay out at the time of need!

Many people choose to take out funeral Insurance, instead of a plan, purely for the financial aspects as they just do not have the funds to pay for a funeral plan and the monthly instalments help to manage these

costs. With many funeral insurances, you are covered as soon as your first payment has been collected. Therefore if you have only held a policy for a few months, and unfortunately you pass away, then the insurance policy should pay for your funeral. However, it is advisable to check with your insurer when the death benefit becomes payable. Some insurance companies will not pay out until the policy has been in force for at least 12 months.

The main advantage of funeral insurance is the cost, however here are some disadvantages of funeral insurance

### Disadvantages

- If you decide to move permanently back to the UK, you will not receive any monies back from the policy (you can be out of Spain up to 3 continuous months and cover is still maintained), regardless of how many years you have paid into the policy.
- The insurance premiums will increase each year with inflation and also due to your age increasing. (at the moment this is around 10% increase)
- If you decide to cancel the insurance for any reason, there is no refund
- You will need to pay the insurances until the time of need and the price will increase each year as your age increases.

If you use a Spanish Insurance Company (with an English written policy), they will be a member of the DGS which is the Financial Governing body for Spain. Therefore your funds will be secure, as these companies are all subject to internal and external government audit.

**Leaving your body to Science** – many of us have done this, or are considering doing this. If this is something which you wish to do, then you must first register your body with one of the Teaching Hospitals which offer this facility. A form will need to be completed and you will then be presented with a letter confirming that your body has been registered. However, you need to be aware that this registration is not a guarantee that your body will automatically be accepted. People working in the Funeral and Insurance Industry have known this for years, however it was recently highlighted in the Spanish news, that fewer and fewer bodies are being accepted and there are many reasons for this, some of which are highlighted below

- The teaching hospital, may have insufficient capacity in their mortuary at the time of death
- Your cause of your death is not something that the hospital are currently researching and therefore have no need for your body
- If the deceased received a Post Mortem
- If you died in a road accident, the chances are the body would not be accepted
- If you pass away on a weekend or fiesta day, the staffing levels are much lower and they may not have the resources available to process your admittance

However, with many of the Funeral Plan providers you can still purchase a funeral plan AND register your body with the hospital and if your body is accepted, then your family can request a refund of the costs paid.

This will however be subject to cancellation fees, to cover the administration of the plan.

**Finally, what happens if I choose to do nothing!** Then at the time of your death, your family will have to pay the cost of your funeral. As there is no government legislation for funerals here in Spain, the costs can vary, depending upon what the Funeral Director wants to charge you at the time!

**What if I don't have money to pay for a funeral, or my family don't have the money!** Despite rumours and scaremongering out there, that if you don't have funds your body will be left in a mortuary stacking up charges, this is simply not true! The funeral director will carry out a simple cremation, but they will try and recover their costs from the family. This will be carried out by sending Bailiffs into the home to recover goods up to the cost of the funeral, or if there are no goods, but there is a property, then a charge will be put on this property and cannot be sold until the outstanding debt has been paid.