

Making Sense of Prepaid Funerals





Thank you for enquiring about a prepaid funeral service with Stephen Baggs Funeral Directors.

When people are first thinking of paying for a prepaid funeral we have often found that many of the same questions are asked.

To help you fully understand the nature of a prepaid funeral I have prepared this booklet in the hope that the information I have included helps you to make your decisions.

Stephen Baggs

Why should I take out a Prepaid Funeral?

When you think about it, we plan for just about every possibility in life. We put money aside for retirement and other important events, so planning for our own funeral is really a natural extension of these actions. Planning ahead for your funeral, with our help, is a simple and sensible thing to do - just like making a will. Many people take the opportunity to have an honest family discussion about their preferences for their funeral. This ensures that everyone is aware of your wishes.

Total control over a funeral means exactly that: the selection of your preferred funeral director; the finite detail of how the funeral will be conducted, all carefully considered and planned according to your specific criteria. Nothing is left to chance, least of all the rising costs of funerals into the future.

With a Stephen Baggs Funeral Plan you are getting a *fixed level* of service as opposed to a *fixed monetary value* of service. For example, you will get a full red rose spray of flowers regardless of how much it costs in five years time and not just a bouquet of carnations because that is all the monetary value will purchase at the time.

Prepaid funerals are arranged in the same way you would arrange a funeral if it was required today. We explain to you all the choices and discuss with you fully what you would like to have included in your funeral service. This can be as brief or as detailed as you wish and proportionately so are the costs. You can pay for every detail possible or you can pay for the basics and leave the balance to come from your estate. We do our best to tailor the cost of the funeral to your budget.

We find that everyone's choices are different and once the different options have been explained to you fully, and you make your choices, we are then able to give you an accurate estimate of cost. Depending upon the choices you make the total cost can vary significantly. Choices like burial or cremation, the type of coffin and if an existing grave is to be reopened, all impact on the final cost. With that in mind, investments usually vary between \$3,500 and \$8,000.

Your investment, by law, is placed with an independent government approved financial institution that is registered to invest prepaid funeral funds. We have chosen Sandhurst Trustees (who are part of the Bendigo Bank family of companies) as the trust to hold our prepaid funds. Sandhurst Trustees offer funeral bonds that can be taken out directly by the individuals or through a funeral director such as ourselves. When they are taken out through a funeral director there are two very important, and financially advantageous, benefits to you.

Firstly, you are ***“locking in” the cost of your funeral so that it is not subject to cost increases*** and secondly, because the funds are assigned to a funeral director you are ***not attracting the interest in your own name***. This can reduce any possible impact with asset testing for Centrelink applications or for nursing home admissions.

Prepaid funerals have many advantages. Not only do they enable you to hedge against inflation by paying for your funeral now, they give you and your family the added security of knowing that everything is settled and government guaranteed.

Who is eligible to take out a Prepaid Funeral ?

Anyone can take out a prepaid funeral plan regardless of age or state of health. Many people decide on a prepaid funeral when updating their wills; upon retirement or on admission to an aged care facility. Others who have little or no family will also choose to do this for their own peace of mind.

A prepaid funeral contract may also be taken out by the holder of an effective Power of Attorney for another person.

Do I pay extra because I am paying in advance?

We do not charge any administration fees to facilitate prepayment and costs are not inflated—they are at today's prices.

What is the difference between a Prepaid and a Prearranged Funeral?

A ***prepaid*** funeral is where you plan and pay for your funeral in advance. The type of funeral you want is documented in a contract and costed at today's prices. Under the tax laws as they stand today your family pays no more for the funeral no matter when it is required. Your payment is invested with Sandhurst Trustees and can only be released to us once a death certificate is issued and the funeral is completed. This means that you make all the important decisions yourself; taking away the emotional and financial burden from your family.

A ***prearranged*** funeral is where you discuss your choices with us and we hold the information on file but no payment is made. This is often helpful when a family member is very elderly or has a terminal illness. The information is then a guide for the family when it's required but payment for the funeral service is made after the death during the normal settling of the person's estate.

What sort of information is required for a Prepaid Funeral?

A prepaid funeral arrangement includes as much information as is required to complete the funeral if it were held today. It covers all the detail of the service: your choice of cemetery or crematorium, coffin, the type of service, location and personal requests. It also includes all of the family information required to register your death with Births, Deaths and Marriages. This can help to lessen the stress on your family at an emotional time.

In payment terms, a prepaid funeral can cover as little, or as much, as you like as it is designed to cover all your wishes. You may choose to pay for the basic requirements or alternatively choose to pay for all of your options. It would normally include our service fee; burial or cremation fees and the cost of the coffin you have selected. It may also include other items such as flowers, paper notices, minister's or celebrant's fees and any other specific requests that you may have.

Why are “Prepaid Funerals” different from “Funeral Bonds” and “Funeral Insurance” and what are the benefits?

You may have thought about taking out one of the funeral bonds or policies that you have seen advertised on television, in the newspaper or at one of the various financial institutions. A funeral bond taken out at the bank is subject to an upper limit of \$10,000. Funeral bonds remain in your name but, if you receive any form of pension from the Government the value of the bond is subject to asset testing. Also, there is no guarantee that the amount you invest will cover the cost of the funeral you want.

Another type of coverage you can take out is funeral insurance where you pay a relatively small amount every week or month to obtain funeral coverage. These are insurance policies and work in the same way as a standard insurance policy. They are only effective in giving you coverage for as long as you continue to pay your contribution. You could pay \$15,000 in contributions to obtain a \$5,000 funeral payout.

Stephen Baggs Funeral Directors prepaid funerals are a specialized funeral bond with some important differences. There is no upper limit to how much you can invest. Your funds are assigned to us as settlement of the funeral contract between you and ourselves. Once your investment is assigned to a funeral director, the government treats the money as if it is already spent. It is not subject to an asset test and you can no longer access it in your lifetime. This may help in maximizing your pension entitlements or reducing the cost of nursing home fees.

An ordinary funeral bond with a bank or financial institution does not lock in a specific “price” and while the bond does earn interest there is no guarantee it will cover the cost of rising funeral prices. With our Prepaid funeral contract the funeral you specify is paid for at the time and no further payments are ever required.

Taking out a prepaid funeral can protect your family from the distress of making difficult decisions at an emotional time and relieve them of any financial burden. It also makes good financial sense. Making the decisions and choices now, you can fix the price of the funeral at today's price and if you choose, you have the flexibility of paying by instalment.

Prepaying also offers you and your family real peace of mind knowing that your exact wishes are documented and will be carried out to the very best of our ability.

Can the cost of my funeral rise?

Your prepaid funeral contract is not affected by price increases. You are paying for a quality and level of service as documented - not just investing an amount of money to cover the service. There are only additional fees if you or your family choose to change your arrangements. For example, you may stipulate paper notices only for the local paper, but your family may wish to place additional notices in another paper - these would be an additional payment.

What happens if I'm on holidays and die interstate or overseas?

Your family should contact us as soon as possible. We would then be able to arrange for you to be brought home and we will deal with all legal and custom requirements. If you are travelling overseas you would normally have travel insurance to cover your death in these circumstances.

If you are travelling in Australia, Sandhurst Trustees offer an optional travel insurance as part of your investment. You pay a once only fee of \$150 at the time of taking out your prepaid funeral and in the event that you die anywhere in Australia you would be brought home to Bairnsdale at no additional cost to your family* — potentially saving them thousands of dollars. If you do not choose this coverage, an additional transfer fee would be payable by your family.

* maximum amount payable \$3000

What happens if I move away from East Gippsland?

If you move, you will need to decide if you are going to be returned to Bairnsdale after your death or if the funeral service is to be in your new community. If you think you would like to be returned to East Gippsland we can continue to look after your contract. In this instance your family may be liable for the cost of transferring you back here but this would depend upon how far away you were.

If you move away and intend to be buried or cremated in your new community, you can select a funeral director and we will then transfer your investment to that funeral director. As costs can vary between towns and cities there can be no guarantee that the investment will still cover the entire cost of the funeral with the new funeral director. However the amount that has accumulated in the fund will still cover most of the cost, leaving your estate to pay out a relatively small amount.

The money is required to stay in the secure investment and can only be accessed by the new funeral director at the time of your funeral.

Can I pay a Prepaid Funeral plan by instalments or do I need to pay it all at once?

There are two ways you can pay for your prepaid funeral plan. You can pay a lump sum amount which is the total due or you can pay by instalments distributing the cost over a length of time determined by you. This may be months or it may be years. We find that using a direct debit system through your bank is the easiest way to pay by instalments. There is no additional charge to pay by instalment and this can be set up to best suit your financial situation.

If I pay my funeral now, who keeps the money?

The money you pay for your Prepaid Funeral is held secure by Sandhurst Trustees and as such is safeguarded and guaranteed by the State Government through the Funeral Act 2006. It can only be released to your assigned funeral director after your death.

What if I change my mind - can I get my money back?

If you are not completely satisfied with your prepaid funeral plan, there is a short “cooling off” period of 14 days, during which your investment can be cancelled. Apart from this cooling off period, no withdrawals are permitted by legislation.

What legal documents do I receive?

Before you pay any money we will give you a copy of the Disclosure Document as issued by Sandhurst Trustees which explains in detail the structure of the funds in relation to your investment. After payment, you will receive a receipt, and your money will be lodged with Sandhurst Trustees. Once this is completed you will receive an official Certificate of Membership from Sandhurst Trustees confirming the registration of your policy. We will provide you copies of the funeral arrangements you have planned with us. The contract contains the specific details of all the services you have paid for. Your coffin choice, burial or cremation details, newspaper notices, clergy and church details, flowers, certificates - everything you have chosen.

Who should I tell about my arrangements?

It is important that your family and executor/s are aware of your pre-paid funeral contract and that they know you have a contract with Stephen Baggs Funeral Directors. It is advisable to let Stephen Baggs Funeral Directors, your family and executors know if your choices change after you take out your prepaid funeral.

What happens if Stephen Baggs Funeral Directors closes?

In the event of any funeral director ceasing to trade your investment remains secure and will be transferred to the funeral director of your choice. All prepaid funeral funds are invested in separate funds in the name of the holder of the prepaid funeral contract and are not accessible by any funeral director prior to the contract holders death.



I've decided I want to take out a prepaid funeral so what do I do now?

The procedure from here is simple.

Give our office a phone call on 5153 2150 and make an appointment to come into our office at 613 Main Street, Bairnsdale, or if it is more convenient, we can come to you.

You can also make contact with us through our website or by email to enquiries@stephenbaggs.com.au.

We can sit down and complete the necessary paperwork with you. Before we talk it can be helpful if you have completed one of our Personal Profile Forms. We have enclosed a form with this booklet and extra copies are available from us or downloadable from our website. When completed it contains most of the information required at the time of arranging a funeral and will help us advise you of your choices.

Should you decide not to proceed with a prepaid funeral at this time, I suggest you still complete this form, as it will assist your family in the future.

Remember

It is your funeral - it is your choice.

A prepaid funeral means that ***you*** choose the type and style of funeral service you want - and ***you*** decide how much to spend in advance.

As a professional organization, we are trained to provide you with as much support as you need in your planning process. My staff and I are available to answer all your questions and assist you to plan an affordable way to pay for your funeral service.

We welcome the opportunity to meet with you to discuss the many benefits of planning ahead or to simply answer the questions you may have.

We realize that a funeral plan that suits your needs is not just a financial decision. The quality of service provided, the personalised attention you and your family receive and having confidence that your funeral agreement will be followed “to the letter” when the time comes are just as important.

Sandhurst Trustees and my company are both fully Australian owned with a stable foundation. Since 1888, Sandhurst Trustees have provided Australian families with estate management and financial services. My family have provided funeral care to East Gippsland families since my grandfather began work in the industry in 1934.



Trust is the cornerstone of our business. Trust that we will care for you and trust that we will support and care for your family. Generations have trusted the Baggs family to look after their funeral needs and a prepaid funeral with Stephen Baggs Funeral Directors ensures our commitment to your family.

If you would like to discuss any aspects of funerals, prearranged or prepaid, or to make an appointment for one of us to come and see you, simply call 5153 2150 to arrange an appointment.



The Baggs family has provided East Gippsland with a personalised funeral service since 1934.

With three generations of experience and commitment to quality service, you can be assured that Stephen Baggs Funeral Directors will continue to provide you with the security and reliability you and your family expect.

**STEPHEN BAGGS FUNERAL DIRECTORS
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