



Paying for the funeral.(Dealing With Dying, part 2)(includes related articles on cemetery plots; family finances)



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Emotionally vulnerable funeral customers are loathe to comparison shop, but can save substantial sums by being prepared. Tips on keeping costs reasonable, such as shopping for lower professional service fees, and ordering caskets directly, are provided.

The emotions that accompany a death in the family make tough decisions even tougher. Planning ahead can ease the burden.

In the small town of Cleveland, Tex., residents can choose between two funeral homes: Pace-Stancil, in business since 1938, and Probst, run by Bernard Probst for more than a decade. The signs out front and the hushed serenity within haven't changed in years.

But nowadays you won't be greeted at the door by a Pace or a Probst. Since 1995 both mortuaries have been owned and operated by the British Columbia-based Loewen Group, North America's second-largest funeral service corporation. And though the parlors haven't changed, the boardroom certainly has. As corporate ownership has grown nationwide--more than 15% of all funeral homes in the U.S. are run by corporations--funeral directors are increasingly answering to shareholders. Corporate-owned and independent funeral homes alike are getting more sophisticated in the art of the sale. Even the most warmhearted of morticians can't help casting a cold eye on profit margins--and the techniques that boost them. As a result, patrons can be sitting ducks for the hard sell at a time when they're least able to resist.

It's impractical to suggest that grieving families march from one funeral home to the next to find the best buy in town. But there's money to be saved, and peace of mind to be gained, by being well informed and unintimidated when you have to face a funeral director.

THE \$11,000 LESSON

Families are most vulnerable in the case of a sudden death. Last fall Ann Merchant, who lives in Cleveland, had to arrange a hurried funeral for her husband, Curtis, who died unexpectedly of a heart attack at age 43. She thought the arrangements would take perhaps 30 minutes to complete.

Three and a half hours later, "by which time I was begging to go home," she says, she left Pace-Stancil with a \$9,100 bill (not including a \$2,100 headstone she purchased later), despite choosing a modest steel casket, a church funeral and no unusual services. It was far more than she had intended to spend--but she had no idea what to expect.

"Nobody pays \$10 for a tomato, because they know better," says the Rev. Henry Wasielewski, a Catholic priest who runs the Phoenix-based Interfaith Funeral Information Committee. "But few people know what a funeral should cost." And most people choose a funeral home based on affinity--for instance, the "Catholic" funeral home, the "Polish" funeral home, or the funeral home your family has used for generations.

That can set you up for a costly surprise, especially if the familiar neighborhood mortician has sold out to a corporate owner, such as the Loewen Group, which owns 981 funeral homes in the U.S. and Canada, or Service Corporation International (SCI), which owns 1,124 homes. In a 1996 survey of more than 100 funeral homes in the Houston area, the cost for a basic, "traditional" funeral (with evening visitation, a morning funeral service, a graveside service and a low-to-moderate-price casket) ranged from \$4,345 to \$9,910 at the 23 funeral homes run by either Loewen or SCI, compared with only \$1,495 to \$6,495 at the other homes in the survey.

A chain of funeral homes can cut expenses by buying caskets and other merchandise in bulk and by sharing staff and vehicles. SCI runs its funeral homes in "clusters," with anywhere from two to 60 homes in a given area sharing administrative staff, stock and even embalming facilities. Yet under corporate ownership, funeral homes have consistently raised prices rather than lowered them. "Newly acquired funeral homes typically show an immediate improvement in gross margins" due to economies of scale, according to Loewen's 1995 annual report. "Over time, the company has continued to increase the revenue and profitability of its established operations through the introduction of additional merchandising, cost-control programs and inflation-based pricing."

"There are situations in which prices may increase," says Dave Laundry, the Loewen Group's vice-president for corporate communications. "But, overall, our studies indicate that our prices are competitive."

Independents often charge high prices for a different reason. Approximately 22,000 funeral homes in the U.S. handle two million deaths a year, an average of 91 funerals per mortuary. But some conduct as many as ten funerals a week, while others have a customer as infrequently as once every two weeks. Those homes have to charge enough for each burial to cover two weeks' worth of overhead.

It's the rare consumer who has the stomach to comparison shop when arranging a funeral, and the industry knows it. "Customers typically conduct little, if any, comparative shopping and display a high degree of loyalty to firms to which they have been referred or which they have used

previously. As a result, the industry tends to enjoy significant pricing flexibility," concludes a report on the funeral industry by Susan Little, an analyst with Raymond James & Associates. That often translates into eye-popping profits. The Loewen Group, for instance, enjoyed about a 40% gross margin on funerals in 1996.

ADDING UP THE BILL

An uninformed, grieving consumer is no match for a funeral director under orders to boost profit margins. "The funeral director's responsibility is to maximize that sale. It's no different from a consumer-electronics store," says Darryl Roberts, the retired owner of a funeral home and cemetery, and the author of *Profits of Death* (Five-Star Publications). At many funeral homes, says Roberts, it's normal for staff members to have sales quotas and earn a commission bonus in the form of cash or a trip for increasing a sale.

Ann Merchant felt the heat, and her bill tallied up as follows:

THE COVER CHARGE. One of the largest expenses on the list, the professional service fee, is essentially a "cover charge" for using the funeral home's services. The fee averages \$1,025 nationwide, according to the National Funeral Directors Association, but Ann Merchant paid nearly twice that. Such a fee is "nondeclinable"--you have no choice but to pay it. Some mortuaries set a high nondeclinable fee and charge modestly for the use of staff and facilities for a funeral service held at the funeral home. Others set a lower fixed fee and charge more for each individual product and service you select.

The cost of the funeral

	WHAT ANN MERCHANT PAID	1996 AVERAGE (*)
Professional service fee	\$1,990	\$1,025
Embalming	525	343
Dressing and cosmetology	225	129
Visitation	255	292
Funeral-home ceremony	425	307
Transfer of remains to funeral home	125	125
Hearse and driver	275	155
Flower van and driver	95	76
18-gauge-steel casket	2,095	2,146
Memorial cards	25	25

Memorial register	25	NA
Death certificates	18	NA
Burial vault	425	497
Single cemetery plot	--	689
Two cemetery plots	1,790	--
Grave marker	2,124	479
Other cemetery expenses (such as digging and filling in the grave)	804	462
TOTAL	\$11,221	\$6,750

(*) Sources: AARP Product Report: Funerals and Burials; National Funeral Directors Association
NA Not available

That can be an important distinction. If you want a simple burial or cremation, for instance, you are better off with a funeral home that has a low blanket fee, so you are not subsidizing services you don't use.

AN EXPENSIVE BOX. After the professional service fee, caskets are the major source of profit for funeral homes. A 300% markup over the wholesale price of a casket isn't uncommon--and it can run as high as 500%.

Most people wouldn't intentionally make a hasty decision about a big-ticket purchase, but neither do most people want to spend a great deal of time in a room full of caskets. "They just threw the doors open and told me to browse," says Merchant. "Luckily, my brother was there to catch me before I hit the floor from shock." Like many casket "showrooms," the display was designed to encourage an expensive purchase. Merchant says the \$2,095 casket that she chose was one of the least expensive in the room. Two that were in the \$1,500-to-\$1,800 price range were "really crappy looking." (Pace-Stencil did not return phone calls seeking comment on its pricing.)

It's common for morticians to "vulgarize" less expensive caskets, says Wasielewski, by ordering them in the least attractive colors and displaying them to less advantage than the more expensive caskets. Funeral directors know that most people tend to buy in the middle of a price range. "When people are shown caskets that cost \$1,000, \$1,800 and \$2,500, guess which one gets picked most often?" says Lisa Carlson, executive director of the Funeral and Memorial Service Association (FAMSA). But funeral directors set the price range by what they choose to display. "If a funeral home wants to make a bigger profit, there's a good chance that the first three caskets shown might cost \$1,800, \$2,500 and \$3,200--and now the \$2,500 casket becomes the popular model," says Carlson.

Browse through a retail store or casket catalog (yes, there really are such things) and you'll see that there are lots more to choose from than you may see at a funeral home--and that prices can be far lower. For instance, an 18-gauge, ocean-blue steel casket with crepe lining, like the one Merchant bought for \$2,095, costs \$1,295 from Consumer Caskets USA, an Erie, Pa., company that sells directly to the public (800-611-8778). The wholesale price of the casket is about \$750, says company president James St. George.

The least expensive caskets are 20-gauge steel (thinner than 18-gauge, but it's hard to tell the difference), which sell for \$495 to \$895 from direct-to-consumer sources. A simple pine box, traditional for Jewish funerals, costs \$795 to \$995 from Consumer Caskets. Top-of-the-line models include a mahogany box with champagne velvet lining (\$3,000) and a solid-bronze box with a brushed finish and velvet-lining (\$3,600). The same caskets at a funeral home could cost from \$7,000 to \$22,000, says Kenneth Lambert, president of Funeral Shoppers, a Houston consumer advisory firm.

You can order a casket from a third party for overnight delivery, and by law a funeral home must accept it without charging any kind of handling fee. However, St. George says, some funeral homes complicate the purchase--for instance, by requiring the customer to be on hand to sign for delivery.

Even if you're put off by the idea of mail-ordering a casket, you're not limited to the caskets a funeral director has in stock. "If the price and basic design of a modest casket seem right for you, ask what other colors can be ordered," advises Carlson. Usually a funeral home can get a more attractive replacement within hours.

It's not necessary to spend extra money for a "protective sealer" casket, which promises to protect your loved one by sealing out water, air and insects. The seal, a neoprene gasket that goes around the edge of the casket, costs the manufacturer about \$17. But sealer caskets retail for \$200 to \$300 more than those without seals. And despite their description as "protective," sealer caskets do nothing to preserve the body. "The body will change whether it's in a wood casket or a sealed metal casket," says John Carmon, who owns the Carmon Funeral Home, in Windsor, Conn.

While the professional service fee and the casket are typically the biggest funeral expenses, there's plenty more to come.

EMBALMING. This procedure (average cost, \$343) is not usually required by state law unless a body is transported across state lines. But embalming is necessary if there will be an open-casket viewing.

Dressing, hairstyling and cosmetology charges often accompany an open-casket viewing. Some funeral homes charge for "casketing"--placing the body in the casket--as though this were an extra

service.

THE CEREMONY. Normally it's less expensive to have the funeral service at a church rather than a funeral-home chapel because you don't have to pay for the use of the chapel or extra staff. But Pace-Stancil charged Merchant \$425 for a church service, the same fee it charges for a funeral-home ceremony.

TRANSFER OF REMAINS. The \$125 paid by Merchant is typical--although in her case the transfer involved "taking the body from the hospital across the street 20 feet to the funeral home," she says.

TRANSPORTATION. Limousines and a flower van are an optional convenience because friends and family members are often available to drive the immediate family to the cemetery or transport flowers. But it's unlikely that you'd want to do without a hearse.

DETAILS, DETAILS. It may be a relief to allow the funeral director to take care of details such as paying clergy and buying flowers and cards. But if the funeral home marks up the cost of these so-called cash-advance items, it's required to disclose its policy on the statement of costs you should receive when you make arrangements. Consider asking a friend to take care of those errands.

"FORWARDING" FEES. When someone dies a long distance from where he or she will be buried, the family has to hire two funeral homes. The first will charge a "forwarding" fee--about \$1,100 on average--to embalm the body and arrange for transportation. The mortuary that handles the funeral will charge its usual fees, excluding the cost of embalming.

SIMPLIFYING THE PROCESS

Choosing cremation or a direct burial (without embalming or a service with the body present) will save money. Price surveys in Houston and Phoenix show that for services related to a simple cremation or direct burial, funeral homes charge anywhere from \$350 to \$4,000 (although the latter figure is unusually high).

Cremation is an increasingly popular choice for Americans in 1995, the latest year for which figures are available, 21% of funerals involved cremation, versus less than 7% in 1975). That's a trend that has funeral directors worried, and they've responded by turning simple cremations into full-fledged funerals. You needn't be cremated in anything more elaborate than a cardboard box, but funeral homes now typically discuss details in a "cremation arrangements room" that includes a display of caskets. The October 9, 1995, issue of Funeral Service Insider, a trade newsletter, offered this tip to funeral directors: "Find out whether any of the family members had a chance to see their loved one before death, and whether they'd like to see the person again before a cremation. It

encourages further use of services and merchandise."

You'll also be shown expensive urns, small urns designed for dividing the ashes among several family members, and (only in America!) cremation jewelry, such as a pendant that holds the ashes of a loved one. A "fully loaded" cremation service can easily approach the cost of a traditional funeral service, and profit margins are higher.

HOLDING DOWN COSTS

The best way to hold down costs is to avoid the need to make decisions during a time of grief. Planning ahead could reduce the price of a funeral by "at least one-third, on average," says Darryl Roberts.

Planning ahead doesn't mean you have to pay ahead. Increasingly, funeral homes are pushing prepaid funerals (pay now and avoid price increases in the months or years ahead). But prices aren't likely to out-pace what you'd earn if you set the money aside in a bank or money-market account, so there's no point in locking yourself in. Most funeral directors are happy to keep your wishes on file.

To check out funeral-home prices, contact a memorial society in your area. There are 148 in the U. S. and Canada, and many regularly survey local funeral-home prices and distribute the results. Some even negotiate discounted prices with certain funeral homes. To find a society in your area, contact FAMSA, P.O. Box 10, Hinesburg, VT 05461 (<http://www.funerals.org/famsa>).

If you contact a funeral home directly, you're entitled to receive a general price list disclosing the professional service fee and charges for all services. Although funeral homes are not required to provide a casket price list unless you show up in person, many will send you price lists for caskets and outer burial containers if you request them. Getting a catalog from a direct marketer, such as Consumer Caskets USA, will give you benchmark prices.

Whether you're planning ahead or making last-minute arrangements, remember that your funeral director, however empathetic, is a salesperson who benefits from presuming that you want "only the best" for your loved one. Lisa Carlson suggests this comeback: "If I spent according to how much I care, I'd be penniless." If you don't think you can muster that kind of sales resistance, bring along a friend who can.

RELATED ARTICLE: What price a resting place?

Consumers pay an average of \$4,623 for a funeral, according to the National Funeral Directors Association, and that's before you even get to the cemetery. The burial itself can easily add another

\$2,000 or more.

BUYING A PLOT. A plot may cost little or nothing in a community or church cemetery, but you'll pay an average of \$700 at a for-profit cemetery, according to the American Association of Retired Persons (AARP). Ann Merchant, whose experience is recounted in the accompanying article, paid \$895 apiece for two burial plots in Cleveland, Tex., after her husband died suddenly last year. She says a friend paid just \$395 each for similar plots less than two years ago--before the cemetery was purchased by the Loewen Group, the second-largest funeral service corporation in North America.

DIGGING THE GRAVE. To open and close the grave, you'll pay about \$500, although you could spend much more depending on the time and day you choose for interment, warns Ed Markin, author of *The Affordable Funeral* (F. Hooker Press). He says \$375 is standard for a burial between 9 a.m. and 3 p.m. on weekdays, compared with \$700 after 3 p.m. On weekends, however, you might pay anywhere from \$1,000 (for a Saturday before 1 p.m.) to \$1,500 (later on Saturday or on Sunday).

REINFORCING THE GRAVE. Most cemeteries require a "box for the box"--a concrete vault or grave liner that essentially keeps the ground from settling after burial. Generically called an outer burial container, the vault (a six-sided box, usually concrete) or liner (a four-sided concrete box with a lid but no bottom) is already in the ground at burial, so no one sees it. It doesn't protect the body in any way. And because it's really a convenience for the cemetery (which otherwise would have to regrade the soil when the casket eventually collapsed), it's hard to think of a reason to buy anything very fancy.

The least expensive option is a grave liner, which you can purchase either from the funeral home or the cemetery, usually for \$200 to \$400. A simple concrete vault typically costs \$400 or more; elaborate ones, sometimes made of steel or fiberglass, sell for thousands of dollars.

ERECTING A HEADSTONE. It's common for families to take their time deciding on a grave marker. While the average cost of the marker itself, plus installation, is about \$500, according to AARP, it's possible to spend far more. Markin observes that many people he interviewed for his book "sincerely wished they'd spent more on the monument and less on the casket," because the monument is a visible and lasting tribute, while the casket winds up below the ground or in a crypt.

Salesmen from the Loewen-owned cemetery, Pace-Stancil Memorial Rest Gardens, paid a visit to Merchant a few days after her husband's funeral. She balked initially at the \$2,700 price tag on the headstone she selected but eventually purchased one from the cemetery for \$2,124. Markin recommends buying directly from a monument company to get the best prices.

RELATED ARTICLE: Family finances, after the funeral

After the emotional shock of losing a family member comes the financial shock of dealing with household income and expenses that will never be the same. You must decide what to do with life insurance and savings-plan payouts. And you may face decisions about whether to return to work or sell the family home. "You're very stressed, people are trying to sell you things, and your brother-in-law and your aunt are giving you financial advice," says Dale Denno, a vice-president of UNUM Life Insurance Co.

Your best defense is to postpone decisions. "The biggest mistake I see is the tendency to invest the insurance money or pay off the mortgage right away," says financial planner Alexandra Armstrong, co-author of *On Your Own: A Widow's Passage to Emotional and Financial Well-Being* (Dearborn Financial Publishing). In fact, you don't even have to take the insurance money right away. Your insurer can hold the money in an interest-bearing account on your behalf until you want it.

When you get the life insurance benefits, Armstrong recommends setting aside enough to get yourself through the first year, including any major expenditures you can anticipate, before making any long-term investment decisions. Take time to get accustomed to your new pattern of income and expenses. You'll know fairly quickly what you can expect to receive from social security and your spouse's pension, but it will take longer to assess how much income you'll need from employment or investments. This usually takes six months, says Frank Messa, who runs estate financial services for Ayco, an Albany, N.Y., firm that provides financial counseling to widows and widowers. "There are so many things that change, down to groceries and clothing," Messa adds. The company conducts a financial-counseling program, called Survivor Support, for employees of nearly 100 companies and for beneficiaries of UNUM's group-life policies.

Armstrong urges widows to resist the impulse to spend a chunk of the life insurance proceeds on morale boosters, such as redecorating the house or treating the kids to a big vacation. First, she says, consider the effect on your future income stream.

A \$500,000 life insurance payout, for instance, can comfortably produce income of about \$30,000 a year, assuming you keep the principal intact and earn a 6% after-tax return. Once you know how much income your insurance proceeds and other investments must produce, you'll have a better idea of what's left over for some well-deserved pampering.

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