



Taking the Mystery Out of Funeral Costs.(Industry Overview) (Statistical Data Included)



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FUNERALS are expensive. They don't have to be, but most of them are. According to the National Funeral Directors Association, a trade organization, in 1999--the most recent year for which figures were available--the "average" cost of a funeral was \$5,778. This doesn't include, among other things, cemetery charges, which--depending upon one's taste--can add several thousands more to this price. Since there were about 2,345,700 deaths in the U.S. during this same time period, with approximately 25% (541,163) resulting in cremation, the annual costs for "traditional" funerals would be in excess of \$8,000,000,000.

Concern about the high costs of funerals isn't new. The first buyer's co-ops--designed to help with lower-cost alternatives to increasingly expensive funerals--can be traced to the Farm Grange organization in the western U.S. early in the 20th century. The concept spread from rural areas to the cities, often with the involvement of churches. This, in turn, gave rise to the memorial society movement, the first group of which was the People's Memorial Association of Seattle (Wash.), organized in 1939. With over 87,000 members, it is still in existence and is the largest of the more than 125 affiliates of Funeral Consumers Alliance Inc. (FCA), headquartered in Hinesburg, Vt.

Although the purpose of the earliest memorial societies, also known as funeral consumer societies, was to help families avoid the high costs of what was rapidly becoming "The American Way of Death," the funeral consumers alliance movement today is primarily dedicated to education and advocacy. Informed consumers make wiser choices, and advocacy is essential to see that choices expand, rather than disappear. Many of the local affiliates of FCA are able to offer their members significantly reduced costs through agreements negotiated with cooperating funeral homes.

Although there were many critics of the funeral industry in the first half of the 20th century, the most significant expose of exploitive practices came with the publication of Jessica Mitford's best-seller, *The American Way of Death*, in 1963. By the early 1980s, Congress opened investigations, with the Senate Special Committee on Aging concluding that abusive funeral practices were "among the top ten most harmful frauds directed against the elderly." This was supported by the results of an investigation of funeral homes in the District of Columbia, which, in turn, led to

hearings before the Federal Trade Commission (FTC).

Out of these hearings came the first trade regulations in 1984. Collectively known as the Funeral Rule, the regulations required funeral home operators to:

- * Provide information about costs in response to telephone inquiries
- * Provide a general price list to prospective purchasers
- * Inform purchasers that embalming is not required by law
- * Explain to purchasers that caskets are not required for cremation and "alternative containers" may be substituted
- * Disclose whether charges will be imposed for "cash advance" items
- * Itemize all costs separately and not tie the cost of one item or service to the purchase of another
- * Provide all purchasers with an itemized list of funeral goods and services selected.

In 1988, pursuant to public hearings and a formal study of how the Funeral Rule had been implemented, the FTC reported that there had been just an approximately 25% rate of compliance with the totality of it. Because of this and against industry pressure, they decided to retain the Rule, but with several additions and/or clarifications: Funeral directors were prohibited from charging a nondeclinable handling fee for caskets that were not purchased from them. They would no longer be required to inform callers that price information is available by telephone, although they must still continue to offer such information if requested. Funeral directors need not provide prospective purchasers with a general price list until that point in the negotiations where prices, the overall type of service or disposition, or individual goods or services are discussed. The amended Rule became effective July 19, 1994.

It is not because funerals are expensive that regulation of the industry is important for consumers. If that were the fact, one could make a case for Federal regulation of the sale of automobiles or even big-screen television sets. It goes well beyond cost. Buying a funeral is different in very fundamental ways. When a death occurs, those responsible for planning the funeral are often faced with making important decisions of a kind they never have had to make before, at a time when they may be overwhelmed by a flood of emotions, and within a matter of hours, even minutes. The question "To whom shall we release the body?" sets in motion a flurry of activity. Unless they have participated in earlier discussions--something that seems to be quite difficult for so many in our society--or the deceased has prearranged his or her funeral, planning it can be

quite daunting.

Yet another factor that increases the vulnerability of the purchaser is a lack of experience in shopping for a funeral. In fact, some may even feel that it is inappropriate--perhaps disrespectful--to think of it as "shopping." They may be inclined to simply call the nearest funeral home, or one that they previously have been to, and expect that the funeral director will largely take it from there. They may not know what to expect and it's unlikely that they will have heard about the Funeral Rule.

One of the ways in which funeral consumers alliances aid their members, and help to protect the public, is by doing price surveys in the areas they serve. The results of these surveys consistently show disturbing inconsistencies in the way that various components of the funeral are priced. For example, under the Funeral Rule, providers are required to itemize their services and merchandise, and consumers are allowed to decline--and refuse to pay for--anything that they wish.

There is, however, one service that they cannot decline--a so-called "nondeclinable basic services fee." Basic services include such things as initial consultation with the family, obtaining signed death certificates and necessary permits, care and storage of the body, filing papers and/or forms, preparation and placement of newspaper notices (but not the cost of the latter), and burial or cremation arrangements. It also includes "availability of the staff and facilities," otherwise known as "unallocated overhead." In a survey of nearly 50 funeral homes in the Midwest, these costs ranged from \$500 to \$1,700, a difference of more than 300%!

Similar variations were found for other services. The cost of embalming, for example, ranged from \$200 to \$575, in spite of the fact that the time needed to embalm a body and the cost of the materials used is the same from one provider to another. These same variations were seen in the cost of transportation of the body--both from the place of death to the funeral home and from there to the place of final disposition.

Because embalming has become so common in this country--it is largely unknown in other parts of the world--many consumers are unlikely to know that it isn't required. Although some funeral directors still attempt to pass it off as a public health measure, the only purpose served by embalming is temporarily to delay the decomposition of the body so that it can be presented for viewing. Although there are no laws requiring that bodies be embalmed for viewing, funeral homes often insist upon it. If the viewing is to be limited to members of the immediate family, the funeral home may be willing to relax its policy. With any form of direct burial or cremation--where the body is taken directly to the cemetery or crematory and is, therefore, not present for the commemorative service--or if the casket is closed, there is no requirement that the body be embalmed.

There are two types of embalming: systemic or arterial and cavity. Systemic embalming is used to replace the blood with embalming fluid. The fluid is introduced through an incision made in an artery, which, in turn, forces blood out of the body through a drain tube inserted into a vein. Depending upon the condition of the circulatory system and circumstances surrounding the death, more than one point of entry and exit may be used. Cavity embalming is done by inserting a pointed instrument called a trocar directly below the sternum (breastbone) and from there aspirating the contents of the internal organs.

The "big ticket" items are caskets and vaults. Caskets come in a variety of materials, most commonly woods or metals. The cost is a function of both production costs and materials. Hardwoods, such as cherry or mahogany, cost more than softwoods like pine, and lighter-weight steel costs less than heavier steel or precious metals such as copper or bronze. Depending upon consumer choices, caskets can be purchased for as little as several hundred dollars or as much as \$25,000, sometimes even more.

Should consumers opt for cremation, the Funeral Rule requires that sellers inform them that caskets are not necessary and that an alternative container will satisfy crematory requirements. Alternative containers are typically constructed of heavy cardboard (with a reinforced bottom) or fiberboard, and prices usually start from \$20.

The cremation option

Other than donating it to a medical school, cremation is the least expensive option for disposal of the body. The cremation can be either immediate--the body is taken directly from the place of death to the crematorium--or after a funeral service has been held. In the former case, it is typical to hold a memorial service to celebrate the life of the deceased. Memorial services, like funerals, provide an opportunity for friends to help support the survivors in their grief and foster the process of recovery.

According to figures from the National Association of Funeral Directors (NFD), the percentage of cremations has been increasing steadily, with more than 25% of all deaths in 1999 (the most recent year for which figures are available) ending that way. In some states--such as Alaska, Arizona, California, Hawaii, Maine, Montana, Nevada, New Hampshire, Oregon, and Washington--cremation was chosen in nearly half or more of all dispositions.

With a trend toward cremation, the funeral industry has tried to find ways to make it more profitable. While crematories require only that the body be delivered in a combustible container, it is not uncommon to find funeral homes listing alternative containers for as much as \$200 or more. The NFD reported a national average cost of a "minimum alternative container" as \$167.81.

Consumers need to be wary of confusing pricing practices. It is not unusual for the listed price for cremation to include only the services of the funeral home, with both the cost of the alternative container and the cremation itself being extra. According to the NFDA, the national average cost for direct cremation for 1999 was \$1,196.76. Funeral consumer alliances are often able to offer "complete" cremations (including the container and the crematory fee) to their members at less than half this amount.

Since 1994, when the FTC amended the Rule to prohibit funeral homes from imposing handling charges on caskets that had not been purchased from them, there has been a growth of casket retailers. The mark-up on caskets at funeral homes is much like that on jewelry; 300-500% mark-ups are not uncommon. Consumers can often save hundreds, perhaps thousands, of dollars by purchasing a casket elsewhere. Many communities have casket retailers. Another good place to look is on the Internet. Go to the website for the Funeral and Consumers Alliance at <http://www.funerals.org>. Click on the link to "Other Death-related Sites" and then scroll down to the National Casket Retailers Association. You can also find a link to the complete text of the FTC Revised Funeral Rule from the FCA website.

Burial vaults, most often constructed of reinforced concrete or steel, frequently are required by cemeteries to help keep the grave from sinking. Like the caskets that they hold, the cost varies based on construction, and the prices can range from several hundred dollars to many thousands. Although not widely advertised to the public, much-less-expensive grave liners will often satisfy cemetery requirements. Grave liners are simple concrete boxes and, unlike many burial vaults, they are not promoted as being "air and/or watertight." Since that isn't an important consideration to many people, the cost of less than \$200 may make it an attractive option.

For people seeking simplicity with dignity in purchasing a funeral and wanting to get the best value for their dollar, a funeral consumer alliance may be just what they are looking for. Funeral consumer alliances are nondenominational, nonprofit, volunteer-run education and advocacy organizations providing numerous benefits to their members and the public at large. They number over 125 throughout the U.S. and can be located through the organization's website. Most negotiate with area funeral homes on behalf of their members and, through their collective purchasing power, are able to offer considerably discounted funeral services to them. FCA is a strong voice for consumers and has been one of the major players in convincing the FTC to reconsider the Funeral Rule for the purpose of strengthening and bringing cemeteries and monument dealers under it as well.

For many individuals, it is not easy to talk about death and dying. Some may even feel that, if they don't talk about it, it won't happen. It doesn't work that way, though. Death, like taxes, is one of life's certainties. Most people are going to be faced with planning a funeral. By taking a little bit of time before a crisis arises to learn more about funerals and the options available, they can assure that their choices will be those that they don't regret later. It might not be easy, but they

will be glad they did.

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