

PURPOSE

The purpose of this brochure is to inform and educate North Carolina consumers about funerals and pre-planning and/or pre-financing funeral arrangements. We have attempted to provide as much basic information as space would allow, and we would be glad to answer any additional questions that you might have. Our contact information and hours of daily operation are listed at the end of this brochure.

What can be done prior to death occurring?

Record your wishes, advise family members and consider pre-arranging with your funeral director.

What should one do when a death occurs?

Arrangements for disposition of the deceased generally can be made by a spouse, next of kin or legal representative.

The normal sequence of events for handling a death is as follows:

1. Death must be verified by a coroner, medical examiner or attending physician.
2. Contact a funeral director.
3. Contact relatives.
4. Locate any written directives by the deceased which could include a letter of direction, prepaid funeral contract or self-authorized cremation authorization form, health care POA or will.
5. When a death occurs out of state or country it is advisable that you immediately contact a funeral director in your local area who will know the requirements that must be met, as well as help prevent

duplication of service costs.

What are the available methods of disposition?

Human remains can be buried, entombed, cremated, or donated for scientific study.

What is embalming and its purpose?

Embalming is the use of chemicals, internally and externally, to disinfect and temporarily preserve the body for open casket viewing and/or for the removal of the body to distant destinations.

Does the law require that a dead human body be embalmed?

No. North Carolina law does not require embalming at any time. Most common carriers will require that a body be embalmed prior to shipping or placed in an airtight container and the laws of the destination state will apply. Because of the potential for unpleasant changes that may occur with the body or the potential for rapid deterioration of a body after death, many funeral homes will have a policy of requiring embalming for bodies held for those people desiring open casket funerals. Condition of the body and temperature are among other things to consider.

How are bodies donated?

Donation of a body to medical facilities may be made directly to the medical school or through a funeral establishment. The medical schools in North Carolina are: Bowman Gray School of Medicine at Wake Forest University, Winston-Salem; Brody School of Medicine at East Carolina University, Greenville; Duke University, Durham; and University of North Carolina, Chapel Hill. One may

also donate to the funeral service program at Fayetteville Technical Community College.

What is meant by immediate disposition?

Immediate disposition usually refers to the cremation or burial of the remains, shortly after death, with no embalming or prior rites, ceremonies or services.

Can a body be cremated immediately following death?

North Carolina law requires a 24-hour waiting period from the time of death. This waiting period may be waived only for infectious, contagious or communicable diseases.

Can a family bury its own dead without using a licensed funeral director?

Yes. There is certain paper work, including a Notification of Death and a Certificate of Death, which the family would have to take care of. A family member may also transport the body of the deceased. Also, there may be local ordinances controlling the location of "do-it-yourself" burials. The local governmental unit should be contacted to determine ordinances which may control burials on property not designated as a cemetery.

How do people select a funeral director?

Almost always by reputation or availability. The way a funeral director serves families is readily known in most communities. If you need a funeral director and for some reason do not know one, the reference of a relative or friend who has been served satisfactorily is one wise way to make a decision. The best way is to decide in advance whom you would select and then

visit the funeral home, examine the facilities and ask about prices and understand the ways in which your needs will be served. Consider all alternatives and consult several different firms/organizations to compare costs. After determining where to call be prepared to ask questions concerning all aspects of funeral arrangements.

Prior to making funeral arrangements it will be helpful to have the following information available:

1. Full name of deceased
2. Occupation
3. Date of birth
4. Place of birth
5. Social Security number
6. Residence address
7. Spouse's name (maiden name)
8. Father's name, mother's maiden name
9. Place of burial or disposition
10. Veteran discharge papers
11. Any prearrangement information

How may I learn about funeral costs?

All funeral homes in North Carolina must comply with the Federal Trade Commission Funeral Rule and North Carolina laws

Telephone Inquiries

The Federal Trade Commission Funeral Rule requires accurate prices can be asked for and obtained by telephone. Because a caller may ask questions involving discussion of funeral arrangements, the unlicensed funeral home staff may defer to a funeral director to provide the answer

Obtaining Information

You may want to follow up with a visit to the establishment. Any consumer entering an establishment and making inquiries is entitled to the retail

price list. By law, you must be presented a retail price list called a General Price List or GPL itemizing the costs of a funeral and the merchandise for sale from a funeral director. These retail prices, appearing on printed or typewritten lists, must specify at least the charges for the following items, provided they are available for purchase through the establishment:

1. Transferring the deceased to funeral home
2. Embalming
3. Use of facilities
4. Automotive equipment
5. Services of the funeral establishment staff
6. Caskets and urns
7. Outer burial containers (burial vaults, grave boxes, liners)
8. Forwarding and receiving of deceased
9. Direct cremation
10. Immediate burial
11. Other preparation of the body
12. Memorial merchandise (register, bulletins, etc.)

After completing all arrangements, you must be given an itemized statement.

Choosing a Casket

FTC requires a casket price list either included in the GPL or as a separate document. Each casket should have a price. Caskets are not required by law; however, there may be cemetery or mausoleum requirements.

Caskets range in price. They are constructed from various materials including steel, copper, bronze and woods.

Outer Burial Containers

FTC requires an outer burial container price list or OBCPL either included in the GPL or as a separate document.

Like caskets, outer burial containers range in price and material of construction such as fiberglass, metal or concrete.

Also like caskets, outer burial containers are not required by law; however cemetery may require an outer burial container.

Is there a law which prohibits funeral directors from solicitation?

Yes. Soliciting is unlawful. It is defined as "an uninvited, intentional contact with an individual, in person or by telephone, for the purpose of procuring the right to provide funeral services or merchandise, either immediately or at a future date."

PRENEED FUNERAL CONTRACTS

Preneed contracts are being marketed extensively and offer the opportunity for a person to fully consider his or her needs and wishes and control the cost and nature of funeral services desired. The contracts vary in terms of coverage and should, like any other purchase involving a substantial sum of money, be reviewed carefully before execution.

Preneed funeral contracts are governed by Article 13D of Chapter 90 of the General Statutes of North Carolina and are under the jurisdiction of the North Carolina Board of Funeral Service. North Carolina law requires that any seller of contracts for preneed funeral arrangements must apply for and obtain a license from the North Carolina Board of Funeral Service. Discussions concerning

arrangements and/or pre-arrangements may only be handled by a person licensed by the North Carolina Board of Funeral Service, insuring that a trained professional provide you with correct information and advice. Every funeral home is not licensed for preneed sales. Do not contract with any seller who does not have such a license.

PRE-PLANNING FUNERAL ARRANGEMENTS

Pre-planned funeral arranging means the planning of a funeral for you, a relative, or a friend, prior to death. It is possible to pre-plan funeral arrangements without spending any money by simply scheduling an appointment time with the funeral home of your choice. Most funeral homes will not charge you to come in and discuss funeral arrangements. They are able to do this by scheduling pre-arrangement conferences at times when they are not busy. Pre-financing or **preneed**, as it is commonly called, means prepaying for the funeral arrangements by putting the money in trust with a bank or arranging for payment through the purchase of life insurance.

THE PRE-ARRANGEMENT PROCESS

As discussed earlier, when making final arrangements it is helpful to bring along certain information. The same information will be needed when discussing a pre-arranged funeral. Any paperwork completed ahead of time will help simplify things when death occurs.

Details such as pallbearers, memorial donations to certain organizations and church official to conduct the service can all be tentatively arranged and then

changed, if necessary, when finalizing actual arrangements. It is easier to go over information already on file looking for possible changes than to start from the beginning.

You might want to ask for prices on everything to get an idea of what kind of cost will be involved. When making pre-arrangements, the funeral home representative will give you the different preneed options offered by the funeral home. Those options will be discussed later in this brochure.

You may be interested only in pre-arranging the funeral service and/or type of funeral and may not be interested in making specific selections of merchandise such as caskets, vaults, etc. If you select merchandise and actually make specific funeral arrangements, you will have an idea of how much money to set aside for the funeral. In either case the funeral home will be able to give you a copy of the arrangements decided upon. Remember to take into consideration that inflation may cause the price to increase with time.

PRE-FINANCING ARRANGEMENTS

Some words to become familiar with in the area of pre-financing a funeral are **inflation proof contract** and **standard contract, revocable** and **irrevocable**.

- An Inflation proof contract means the funeral home can't charge you more for merchandise and services for which you have paid in full and that are within their price control. The price you pay today will probably increase over time as the funeral homes are affected by

inflation. In order to offer the inflation proof contract, the funeral home is entitled to all proceeds, including growth on the bank trust or insurance policy that funds the preneed contract to offset the price increases for the funeral goods and services they sell directly. There may be parts of the contract that are not protected against inflation and these are called "non guaranteed cash advances". Items usually included within this part are cemetery charges, death certificates, obituaries, honorariums and sales taxes. Allowances are given for the growth on the funds placed in the contract for these items; however these are usually not within the funeral home's price control and are not protected against possible price increases over time.

- A standard preneed contract means the money you place with the funeral home will be applied to the total funeral expenses at the time of death. If there are more than enough funds to cover the expenses at death, the funeral home must refund the balance pursuant to law. Of there not enough funds to cover the expenses at the time of death the funeral home may bill the family or estate for the shortfall.
- A **revocable** contract may be canceled at any time by the purchaser.
- An **irrevocable** contract cannot be canceled except through

special procedures but its benefits can be transferred to any provider of your choice at any time prior to need.

In order to qualify for medical assistance an individual is allowed to shelter funds set aside for payment of funeral expenses as long as the funds are put aside in an irrevocable contract. Many of the preneed contracts are set aside as irrevocable for this purpose.

TYPES OF CONTRACTS

In North Carolina there are primarily two different ways to pre-finance or pre-pay for a funeral which should cover all costs incidental to a funeral service.

1) PRENEED TRUST AGREEMENT: Money to pay for the funeral is placed in a bank, trust company, savings bank, or savings and loan association in North Carolina. The licensed funeral home which acts as trustee for the funds may withdraw the funds put in trust once it has performed the preneed contract.

Some things to consider with this arrangement include:

A. Taxes on the interest earned--No matter what type of account your money goes into (savings, certificate of deposit, etc.) income taxes must be paid on the interest earned. The funeral home acting as trustee for the account should advise you as to the amount of earnings on the account and should provide you with reporting information.

B. Earnings on the account--The interest earned on the account will be added to the trust, therefore allowing it to grow until the funds are needed to actually pay for the funeral. Hopefully the earnings on the account will cause the trust to grow to keep up with inflation. Some funeral homes offer inflation-proof contracts which guarantee the purchaser that the pre-arranged funeral will be handled no matter what the cost at the time of death.

2) INSURANCE: Insurance policies can be used as a means to finance preneed contracts in the State of North Carolina. The proceeds of a specially designed policy, for a specified amount of money, pay the preneed contract amount at the time of need. A consumer may also use an existing policy to fund a contract. Care should be taken to ensure any remaining proceeds are refunded to the estate or survivors through a contingent beneficiary designation.

It is important to look over the policies and plans carefully, since there are many different kinds available. For example, in addition to trust-funded inflation-proof preneed contracts, you will also find inflation-proof insurance-funded contracts.

All preneed contracts, whether trust funded or insurance funded, must be recorded with the North Carolina Board of Funeral Service. A filing fee of \$20.00 must accompany each contract. After filing and within thirty days, the recording of the contract is

acknowledged in writing to you, as purchaser, by the Board.

If you, as purchaser, agree and the contract is funded by a trust deposit, the funeral home may retain up to 10% of the payments as administrative expenses provided; however, it gives credit for the amount retained at the time of need.

If the trust is transferred to another funeral home, the original funeral home may retain up to 10% of the trust amount as administrative expenses and does not have to give credit for the retained amount.

TRANSFERRING A PRE NEED CONTRACT

There are times when you or your family may decide to use a different funeral home than the one where you have your preneed contract. It is important to note that any price protections you have are only the legal obligations of the original funeral home and may not transfer to your new funeral home. That means the new funeral home may charge more than your current contract is worth or they may honor the contract for no additional money. This must be considered with deciding to change funeral homes.

COMPLAINTS

If I have a complaint against a funeral director or a funeral establishment about the way I am served, whom should I contact?

First, discuss your problem with the funeral home. If you believe a North Carolina law has been violated, you may contact the North Carolina Board of Funeral Service at the address shown in this brochure.

Some aspects of funeral service are also regulated by the Federal Trade

Commission, whose address is Federal
Trade Commission, Bureau of Consumer
Protection, Washington, D. C. 20580.

A CONSUMER'S BRIEF GUIDE TO

FUNERAL SERVICE

Prepared by the
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