



Peace of Mind

Preplanning your final expenses is one of the greatest gifts you can give your loved ones

WHEN A LOVED ONE dies, grieving family members and friends are often confronted with dozens of decisions about the funeral—all of which must be made quickly and frequently under great emotional duress. To alleviate their families of this burden of planning and funding their final expenses, many people are making funeral arrangements in advance.

According to the Federal Trade Commission, funerals rank among the most expensive purchases many consumers will ever make. A traditional funeral, including a casket and vault, costs about \$6,000. But then you have to consider that extras—like flowers, obituary notices, acknowledgement cards, or limousines—can add thousands of dollars to the bottom line. Many funerals run well over \$10,000! With final expenses creating this much of a financial burden, you can see why an increasing number of people see funeral planning as an extension of will and estate planning.

Preplanning our funeral is a task that most of us don't want to think about.

We know it needs to be done, but it's very difficult to think about our own mortality. If we can get past this discomfort and deal with it, we can achieve some relief in knowing that we've taken control of this final event in our lives and we've lightened some of the financial and emotional burdens for our loved ones later. The fact is, final expenses incurred at a death must be paid. They're inescapable.

Prepaid Arrangement Issues

Millions of Americans have entered into contracts to prearrange funerals and prepay some or all of the expenses involved. But because the laws of individual states govern the prepayment of funeral goods, protections for consumers vary widely from state to state.

When making prepaid arrangements for funeral goods and services, it's important to consider the following:

- What are you paying for? Are you buying only merchandise, like a casket and vault, or are you purchasing funeral services as well?
- What happens to the money you've

prepaid? States have different requirements for handling funds paid for prearranged funeral services.

- What happens to the interest income on money that is prepaid and put into a trust account?
- Are you protected if the firm you dealt with goes out of business?
- Can you cancel the contract and get a full refund if you change your mind?
- What happens if you move to a different area or die while away from home? Some prepaid funeral plans can be transferred, but often at an added cost.

Be sure to tell your family about the plans you've made and where the documents are filed. If your family isn't aware of your plans, your wishes may not be carried out, and your family could end up paying for the same arrangements you've already made.

Final Expense Funding

As costs for settling an estate continue to increase, many Americans find themselves without adequate resources for funding final expenses. What they don't realize is that a life insurance policy can provide a very economical way to cover these expenses.

Through a well-planned life insurance program, your final arrangements can be covered without having the cost deplete personal assets, a family member's pocket book, or a retirement/savings account. Final expenses do not have to create an unexpected financial burden for you or your loved ones.

NMB's Classic Providers

National Mutual Benefit has addressed the need for final expense planning with the introduction of two whole life insurance products. Classic Provider I (simplified issue) and Classic Provider II

(guaranteed issue) were designed with special features that make these plans ideally suited for final expense needs.

Unlike prearranged funeral home contracts, NMB's final expense plans were created to provide money with "freedom of choice" in mind. That means you are not locked in to using a specific funeral home in a specific city. If you have one in mind, your life insurance dollars will be available for use there, but if you want or need to change your arrangements, you can.

Surprisingly, many people feel that planning for final expenses is a positive experience that makes them feel unburdened and in control of their lives. The irrevocable trust option available with NMB's Classic Providers can give you even more control because it allows you to direct how your life insurance proceeds are utilized. The trustee is required to use the policy proceeds to pay for your final expenses at your death, which can relieve your family from this responsibility. Any life insurance pro-

ceeds that exceed funeral and burial expenses are paid to the second beneficiary of the trust.

Both Classic Provider plans are applied for with an abbreviated application. Answer a short questionnaire (including a few medical questions for Classic Provider I), and the paperwork is done.

A variety of premium options are available for your needs and budget. Classic Provider I can be funded with a single premium (single pay) or premiums for three years, five years, or every year (to age 95). Classic Provider II is single premium only. In addition, when a policy is "paid up," dividends (if applicable) can increase the death benefit and help your plan keep pace with rising final expense costs.

Discounted Dollars

The Classic Provider I (our simplified issue plan) can save you money because discounted life insurance dollars are used to pay for final expenses in contrast to current dollars. With current dollars,

cash in hand is used to pay bills—a dollar spent pays off a dollar in debt. Payment generally comes from a savings account or sale of personal assets. This is the most costly method of paying for final expenses.

The discounted dollars method uses life insurance to pay these bills. Life insurance premiums are "discounted," or factored to be a portion of the ultimate benefit to a beneficiary. Regardless of when death occurs, policy proceeds will exceed premiums paid. For an illustration of how the discounted dollars method works, see the sidebar below.

Assess Your Situation

A careful analysis of your financial situation can help you decide if a Classic Provider is right for you. It can help affirm that you've made appropriate preparations, or it may uncover needs that should be addressed. Take time now to assess your situation. Don't put it off.

Visit with an NMB representative and find out if a Classic Provider I or II can become part of your final expense plan. You can also request more information by filling out the postage-paid card insert with this article or contacting the Home Office at 1-800-779-1936.

Taking advantage of one of National Mutual Benefit's Classic Provider plans to handle your final expenses could alleviate a stressful financial burden for your family or loved ones. Letting NMB help you take care of your final arrangements will allow you to relax, knowing that when these inevitable expenses are faced by family members, they will not be overwhelmed. And, just as importantly, they will know your wishes. Your efforts to plan now can give both you and your loved ones the gift of peace of mind. ♦

How Discounted Dollars Fund Final Expenses

When final expenses are funded through life insurance, **discounted dollars** are used, resulting in policy proceeds that exceed premiums paid. To illustrate, consider a male policyholder, age 55, who expects to incur \$8,000 in final expenses (funeral and additional costs). He purchased a Classic Provider I policy with an \$8,000 death benefit using the single premium (one-time payment) option.

With this plan, there is enough money from his life insurance policy to pay the final expense bill at his death instead of it costing him, his estate, or his family \$8,000, as it would on a **current dollars** basis. The actual "out-of-pocket" cost is considerably less, as shown below:

Classic Provider I Death Benefit	\$8,000
<i>(Covers total \$8,000 in final expenses)</i>	
Classic Provider I Single Premium	\$4,164
<i>(Based on male age 55)</i>	
Savings on Out-of-Pocket Expenses	\$3,836
<i>(Death Benefit – Premium = Savings)</i>	

In this example, planning ahead for final expenses effectively reduced out-of-pocket costs by 48%! When you add in the fact that the death benefit is tax free, you can see how advantageous—in terms of saving money alone—an NMB Classic provider can be.