

# Guide to funeral plans

This guide explains how funeral plans work. It can help you consider their pros and cons. It also looks at what alternatives are available. Please bear in mind it is not financial or legal advice.

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## What is a funeral plan?

Funeral plans allow you to arrange and pay for your funeral in advance. This can be with either a lump sum, in instalments, or with monthly payments. Pre-paid funeral helps reduce the stress and financial strain on your loved ones. It can also lock in the cost of a funeral at today's price.

A pre-paid [funeral plan](#) can be organised directly with a funeral director or a plan provider. You can decide on a specific type of funeral and can sometimes pick what extras you'd like for your funeral. This includes things such as the type of service or coffin.



# How do funeral plans work?

A funeral plan is something people put in place that covers the cost of chosen funeral services. Your family will have to use a nominated funeral director or one from an approved list.

You can pay for a funeral plan in one of three ways:

## 1 A lump sum

If you decide to pay with a lump sum, you will choose your funeral package and pay your plan provider upfront. They will then organise your funeral and support your family when the time comes. A typical lump sum funeral plan will cost between £3,000 – £5,000.

## 2 Instalments

Funeral payment plans vary by provider. Companies often allow you to stretch the payments out over several years depending on the type of plan you choose. The full costs of your plan may not be covered until you have paid all of the instalments. For instalment periods over 12 months, the total amount you will pay will generally be more than a lump sum amount. For example, a funeral plan that would cost £4,000 as a lump sum may cost £5,000 if you choose to pay in instalments over five years.

## 3 Monthly payments into a life insurance policy

Some providers use plans that are covered by insurance policies. When you die, the insurance payout is used to pay for your chosen funeral services. There are two types of life insurance backed funeral plans.

The first is provided by funeral directors. Premiums you pay are used by the funeral director to pay for a life insurance policy. This then pays out to them when you die. The money received is then used to cover the cost of the requested funeral services. This product is regulated by the Funeral Planning Authority.

The second is provided by life insurance companies such as SunLife. With these plans, you own the life insurance policy yourself. You agree that when you die the payout can be used to pay the funeral director for requested services. This product is regulated by the Financial Conduct Authority. It is also covered by the Financial Services Compensation Scheme (FSCS) protection.

With life insurance backed plans you will not be immediately covered for the full costs of your chosen services. You will need to pay into the plan for a certain length of time, typically two years, to be fully covered.

Premiums for life insurance backed funeral plans are usually payable until 90 years old or until you die. This does mean that you could end up paying more than the cost of a lump sum funeral plan depending on how long you live.

## What costs are covered by a funeral plan?

What's included in a funeral plan will vary between providers and the type of plan you choose. Some providers will allow you to choose from a wide range of options to create a completely personal service. Other providers offer just the most popular options to make your choice simpler.

Not all funeral plans guarantee to cover the cost of your funeral. This is because some costs are not under the control of the funeral director. For example, medical fees and cremation fees. In instances where these costs are not guaranteed to be covered, an allowance will be built in to your plan. This will cover these costs to the allowed level but anything extra would be charged to your estate.

The amount of the allowance varies between providers. Make sure you check what is covered and what is not before you buy a funeral plan.

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## What happens if I cancel my funeral plan?

Funeral plans are intended to be bought and to remain in place for the remainder of your life. Sometimes things change, and you may need to cancel a funeral plan. The good news is that typically you can cancel a funeral plan. What happens will depend on which funeral plan you have and which provider you have chosen.

Funeral plans that have been purchased using a lump sum or via instalments can normally be cancelled. You may, however, incur an administration charge. These can run into hundreds of pounds, so it is worth checking this when you buy.

It's also worth noting that you will lose the fixed funeral price you originally agreed to. You may have to pay more for your funeral due to funeral price inflation.



# Why use a funeral plan?

**Thinking about your funeral might not be your highest priority right now. But, having something in place can give you peace of mind. After all, it's one of the few sure things in life – we're all going to need a funeral one day.**

With the cost of funerals rising over time, it can be useful to think ahead. You might also want to let your family know that you've made a plan. Anything you can do to ease financial and emotional strain will help your family at a difficult time.

**Here are five popular reasons why people get a funeral plan:**

## 1 Funerals are expensive

The average cost of a basic funeral now stands at £4,056\*, more than double what it was in 2004. Using a funeral plan could ensure that all of these costs are covered.

It's important to remember that the cost of a basic funeral does not include any extras, such as a headstone, flowers or a wake.

Even if you check how much funerals cost today, there's no way of knowing exactly how much they'll cost when you die. Costs are forecast to keep rising and your family could be left to cover the extra cost.

If you plan ahead, you can manage the cost of the funeral you want. You'll also avoid leaving a bill for your loved ones by buying the right funeral plan.

## 2 It really helps your family – not just financially

Having a funeral plan in place can make a difficult time for your family a little easier. Reducing emotional stress for loved ones is a huge factor in getting a funeral plan for a lot of people.

The last thing they'll need at a difficult time is having to decide whether you ever really liked roses. Or if that song was really the one you wanted played at your service.

With funeral arrangements decided by you, money worries and stressful decisions will be out of the way. Your loved ones can spend more time together to grieve and [celebrate your life](#).

\*Represents the average of the cost of a burial and the cost of a cremation in the UK. For more information about funeral costs by type and region, please see our [Cost of Dying report](#).

### 3 You can make your wishes known

Telling your loved ones what you'd like is the best way to ensure that your wishes are honoured.

Perhaps you want to be cremated wearing a specific item of clothing. Or maybe you don't want a traditional funeral but would prefer a [direct cremation](#). Either way, you can rest assured knowing your wishes could be met in as much detail as you want.

### 4 You have independence until the end

None of us want to be a financial burden to anyone, let alone our children. Leaving a plan for our funeral ensures that our final act of independence is carried out. This is something that's important to many people. For those of us with children, it gives peace of mind that we've been financially responsible until the end.

### 5 You can ensure you'll have a proper send off

You might want a traditional funeral with cars for your family and a memorial wake afterwards. Or, you might have some unique, weird and wonderful funeral requests. With a funeral plan, you can make sure that your wishes are met.

For some people, making sure they have a proper send-off is important. With a funeral plan, you can choose the celebration of life that you want.

**It's important to remember that the cost of a basic funeral does not include any extras, such as a headstone, flowers or a wake.**

# What do funeral plans cover?

**What's covered in your funeral plan will vary between providers and the different plans they offer. Plans will usually cover a basic funeral, so some extras may need to be paid for on top.**

Be sure to check with your provider exactly what it is your plan covers. This could be a big deciding factor on whether a funeral plan is right for you and which provider you choose.

Funeral plan providers normally offer a range of three or four different plans. Starting with a basic funeral, they get more expensive as extra services are included, such as limousines. When comparing funeral plans, spot what services are not mentioned rather than being drawn to the ones that are. Below is a simple list of the things that are involved in delivering a funeral service. You can use this as a checklist.

**Here's an example of what may and may not be covered by a funeral plan. Please note, this is just an example, and this will vary greatly between providers and plans.**

## What may be covered:

- Guidance and advice on funeral arrangements
- Funeral Director's costs
- Doctors' fees
- Recording of special requests
- Coffin
- Collection and transport of the deceased (hearse)
- Care of the deceased until the burial or cremation
- Cremation or burial fees
- Minister's fees
- Religious service fees

## What might not be covered:

- Bereavement support
- Use of Chapel Of Rest
- Family viewing
- Limousines
- Funeral to be held on a weekend
- Transportation if death occurs whilst on holiday or away from home
- Burial plot
- Headstone
- A venue for the wake
- Any catering for the wake
- Funeral flower costs



The key when comparing funeral plans is to spot what services are not mentioned rather than being drawn to the ones that are.



**Not all funeral plan providers guarantee to cover all essential costs of a funeral. Costs not included often include any that are not under their control, for example, cremation fees.**

Some providers will only guarantee a contribution up to a set amount, usually around £1,000. Once these costs exceed this amount then your estate or family will have to pay the difference.

These contributions are a set amount that the funeral directors hope will cover these costs in the future. Nobody knows how much the cost of an average funeral will change. You should think carefully about whether you want the funeral plan to guarantee to cover these costs or not.



# Pros and cons of funeral plans

As with anything, funeral plans have advantages and disadvantages depending on what you're looking for. Be sure to consider all options to make the best decision for you and your family.

## Pros of funeral plans

- Your family won't need to fund the whole cost of your funeral.
- You will lock in the cost of your funeral at today's prices, avoiding funeral inflation in the future.
- You take away worries your family might have about arranging your funeral by making the choices today.
- You get to plan the type of service you want.
- You can shop around and pay the price you want to pay.
- Anyone can take out a funeral plan, regardless of your health as there is no medical involved.
- Most national plan providers allow you to move within the UK and move your plan with you.
- You can pay however you would prefer – in instalments, in full or with an insurance-backed policy.
- Research and selecting a funeral provider can happen at a time without grief.

## Cons of funeral plans

- If you pay for your plan using instalments, you may not be covered fully until you have paid all the instalments due.
- If using an insurance-backed policy, there will be a waiting period before you are fully covered.
- If you cancel your funeral plan you may not get any money back or get back less than you paid in.
- Some funeral plans won't cover every aspect of a funeral. Some don't guarantee to cover costs such as the cremation fees but only pay a contribution instead.
- Only life insurance-backed policy providers are regulated by the [Financial Conduct Authority](#).
- Not all plans include financial protection by the FSCS.
- Not all plan providers are a member of the [Funeral Planning Authority](#).
- Most plans will not provide cover if you move or die abroad.
- Payments need to be maintained until they are complete, or you risk losing your cover.
- Pre-packaged funeral plans might include things you don't want but are still having to pay for, such as a more expensive coffin. But they may exclude things you really do care about, such as a family viewing.

# Alternatives to funeral plans

Using a funeral plan is a popular way to put a plan in place, but it's not the only way to do it. Other options might be better suited to you, so make sure you research everything to decide what might be best for you.

## ✓ Over 50 life insurance

This sum of money will be left to your chosen recipient or estate. It can then be used to pay towards your funeral.

This can be a good option if you want to put a plan in place, but don't want to consider the specifics just yet.

With this type of plan, you pay a monthly premium which, along with your age, will decide the cash paid out on your death. It's worth noting that these plans and their cash payout do not increase with inflation. See our [over 50s life insurance guide](#) to learn more.

## ✓ Savings and investments

You could decide to use savings or an ISA to pay for your funeral. If you pay into this pot of money regularly, you might benefit from savings rates that increase the amount saved.

The downside of this is that savings rates might not increase at the same rate as funeral price inflation. There's no way of ensuring the money saved will be enough to cover the full cost of your funeral.

## ✓ Paying from your estate

Funeral costs can be paid for from your estate after you die. Some banks will release funds to pay for a funeral from the person's account who has passed away. If they are given an itemised bill from the funeral director and a copy of the death certificate.

If your bank won't accept this and you haven't made other arrangements, your family may need to pay for the funeral. They will be paid back when the [probate](#) process has been completed.

It may take a while for the money to be released from your estate. The probate process can take weeks or even months, depending on the size and complexity of the estate.

## ✓ State support

If you're entitled to state benefits, you may be entitled to [financial support from the Government](#). The support isn't likely to cover all costs, but it might help to pay towards your funeral.

# What happens with the funeral plan when I die?

Make sure your family know you have a funeral plan and where the documents are kept. Then, when the time comes, they will know where to go to begin the next steps.



Sometimes people decide to store the information about their plans with or in their will. Others leave the information with a solicitor or at their bank.

## Are funeral plans safe?

When researching funeral plans, check the provider is registered with the Funeral Planning Authority. They are an industry body with strict rules and regulations for funeral plan providers. This helps to reassure and protect customers buying a funeral plan.

The money you pay as either a lump sum or as instalments will be held in one of two ways. One way is as an insurance policy which is then used to pay for the funeral when the time comes. Or, it will be invested into a trust fund with trustees.

The aim of both methods is to safeguard your money until it's needed. This helps to ensure that it's used to provide the funeral you have paid for.

Funeral plans that use a trust fund are not currently regulated by the [Financial Conduct Authority \(FCA\)](#). They're also not covered by the [Financial Services Compensation Scheme \(FSCS\)](#).

Insurance-backed plans however do fall under FCA regulation and your plan will be covered by the FSCS.

# Questions to ask your provider

Here are some questions that might help you when considering which provider or plan to go with. Never be embarrassed to ask questions. The more you research the more you will know exactly what you're looking for.

- ✓ What is included in the plan?  
What are potential costs that are not included?
- ✓ What happens if you go out of business? How is my money protected?
- ✓ What happens if I die abroad or away from home?
- ✓ Am I able to make any changes to my funeral once I have taken out the plan?
- ✓ Am I able to pick a specific funeral director?
- ✓ If I decide to pay monthly, how long will I be paying for and how much will this cost each month?
- ✓ What happens if I die whilst there are outstanding charges on the payment plan?
- ✓ Are there any cancellation charges?
- ✓ Is this an insurance backed policy?





# How to buy a funeral plan: a step by step guide

Buying a funeral plan is a big decision. You should research each option thoroughly before committing to it. If you decide it's right for you, here's the step-by-step process you can expect:

## 1 Consider your options

Think about the best option for you and your family that would lessen any worry or stress when you pass away. Discuss with your family what option might be best for everyone.

## 2 Look at policy differences

Research different policies and talk to your loved ones about what might be right for you. Don't just compare plans on costs. Cheaper plans will typically be cheaper for a reason. Research different providers' reputations and accreditations.

## 3 Plan your funeral arrangements

Make sure the plan you are considering has enough cover to include everything that you want for your funeral. Our [funeral arrangements checklist](#) can help. Most plans cover what you will need for a basic burial or cremation. Others will exclude things like doctors' fees and headstones and may not guarantee to cover things like cremation fees.

## 4 Research payment options

Pay for your funeral plan, either in full or using a monthly scheme. Remember to compare the overall costs as you will be charged more for paying in instalments. Insurance backed funeral plans may cost more than a lump sum funeral depending on how long you live.

## 5 Keep the details of your plan safe

Record the information of your plan and store it in a safe place. Inform a family member of your choices and let them know where the important documents are kept.



# Where to get funeral plan advice

The links below are just some of the places where you can find out more information about funerals and funeral plans.



## [Bereavement Advice Centre](#)

How to choose a pre-paid funeral plan



## [Citizens Advice](#)

Arranging a funeral



## [Money Advice Service](#)

Funeral plans and funeral insurance



## [Which?](#)

Funeral plans explained

