

Paying for a funeral : guidance

With the average cost of a funeral now estimated to be around £2000, for a 'basic funeral' plus optional payments for coffin upgrades, memorials, flowers etc; people have become more conscious of the cost & who will pay for it.

In the past, people tended to assume there would be enough in their estate for their funeral, but with increasing costs you should consider if there are sufficient funds available if you are the person expected to pay the funeral account.

Many Funeral Directors require payment before probate (official proof that a will is valid) is granted & it may be worth considering how to pay for the funeral in advance, if that amount is not readily available.

There are a number of ways the cost can be covered:

- Has the deceased contributed to a scheme to pay for the funeral?
- Is there letters from an employer with details of an occupational or personal pension? Check other paperwork to see if there is a Cremation Society Certificate, life insurance policy or details of a pre-paid funeral plan.
- If no one is willing or able to pay for the funeral, the local council or in some cases the health authority may do so but only when a funeral has not been arranged.

Payment from the estate

The bank account will be frozen unless it is a joint account. Building Societies & National Savings may release sums of money for payment of funeral expenses, although they do not have to until a grant of probate or letters of administration are obtained.

If a person died in hospital or residential home, the possessions will be surrendered to the nearest relative or to a person with written authority from whoever is dealing with the will.

Pensions and payments

There may be pensions or lump sums payable from any Trade Union, professional body or other association, or from a provident club which pays benefit when a member dies.

Planning in Advance

Term Life Assurance Policy

This will provide a lump sum payment if someone dies before a certain age (known as term assurance or endowment assurance) or on death at any age (whole life insurance). This is tax-free and can cost as little as £1.00p/day. Payment is usually made after probate, but the insurance company may pay out a limited sum on evidence of death.

Savings Account

Many Funeral Directors arrange pre-pay policies and some will accept advance payments outside a funeral plan. Instalments payment may be accepted if this is agreed when the funeral is arranged. It would be wise to ensure your savings are kept separate from the Funeral Directors business account.

Pre-paid Funeral Plans

These plans enable someone to set aside money solely for funeral costs but legislation to safeguard the money paid out has yet to be passed. You are advised to carefully consider the plan offered by your chosen Funeral Director. You may wish to ask the following questions:

Do I get a Funeral Director of my choice? (As offered by a scheme called Golden Charter).

What happens if I die before payments are complete?

Will my money be kept in a trust fund separate from the Funeral Directors accounts?

What happens if my family is not aware of the plan and make an independent funeral arrangement?

What extra costs if any are not covered?

What happens if I die abroad?

The Social Fund

You may apply for a grant (Leaflet number SB 16) if there is insufficient funds to cover the cost of the funeral you are arranging. The applicant must be in receipt of a qualifying means - tested benefit & even then payment may not be awarded if an immediate family member is not receiving a qualifying benefit. Savings over a certain amount will be considered. You will receive a single lump sum payment, which must be claimed within 3 months of the funeral. If there are assets in the estate then the Social Fund will require reimbursement.