



FINAL EXPENSE

Final expenses range from \$2,500 for cremation to more than \$15,000 for a traditional funeral and burial. Here's an average breakdown of costs, which may differ based on location:

- ✓ Casket: \$2,300
- ✓ Embalming: \$500
- ✓ Grave site: \$1,000
- ✓ Funeral director's services: \$1,500
- ✓ Obituary: \$50-\$500
- ✓ Funeral service charge for the chapel: \$500
- ✓ Flowers: \$100
- ✓ Cost to dig the grave: \$600
- ✓ Grave liner: \$1,000
- ✓ Headstone: \$1,500

At any budget, one fact remains: the \$255 Social Security lump sum for a dependent (or spouse) survivor might not even pay for the obituary and flowers. Instead of leaving their grieving families a legacy of debt, seniors can cover these loose ends with a Final Expense whole life insurance policy.

WHY SENIORS NEED A FINAL EXPENSE PLAN

Seniors typically buy Final Expense life insurance policies because they:

1. Didn't set aside cash earlier in life to pay for their funeral, burial or cremation expenses — not to mention other expenses that might occur when they pass away, including **hospital and doctor bills, unpaid debt obligations, Medicare deductibles/copays or probate costs.**
2. Never got life insurance when they were younger and healthier (when premiums would have been considerably less expensive).
3. Relied on a life insurance policy they got through their employer. After they retired, they realized they might:
 - a. Lose the plan entirely if it's not "portable,"
 - b. Face higher premiums if the company stops subsidizing, or
 - c. See their death benefit cut in half for the same or similar premium.

When faced with the monumental task of finding an affordable Final Expense insurance plan, seniors inevitably come across two different types of life insurance.



TWO TYPES OF LIFE INSURANCE

There are two types of life insurance seniors can consider when planning how to protect their families from funeral and burial costs. The first and least expensive type is term life insurance. As the name suggests, term life insurance policies only cover a fixed period of 15, 20 or even 30 years. After that guaranteed time, the policy ends and the senior has to qualify for another policy at higher rates because they are now older and possibly have more health conditions than when they qualified for the original policy. This type of policy may be unavailable for some seniors because insurance companies often limit the age at which they will sell someone a term life insurance policy — which may restrict a senior's options.

The second type of life insurance a senior might buy is a permanent policy. A permanent life insurance policy will last until the senior passes away if all the premiums are paid on time. Most permanent policies also build cash value that plan owners can access through loans or withdrawals. Because of the extended coverage and cash value, permanent life insurance policies cost considerably more than term life policies.

Within this permanent coverage, there are two major types of Final Expense life insurance: first-day coverage and graded (or modified) policies. A first day coverage policy's death benefit pays out in full immediately, even if the insured passes away within the first year and pays a couple of payments. A graded or modified Final Expense policy generally pays a portion of the death benefit in the first year, increases in the second year and matures in the third year, at which point the full benefits would be paid if the insured died.