

## Funeral bonds or Funeral insurance – what’s the difference?

**This factsheet describes important differences between funeral bonds and funeral insurance.**

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If you know someone impacted by Youpla/ACBF collapse this could be important info for them

### Funeral bond

- You make a payment into the bond and it is held there for you until you die. The bond then pays for your funeral.
- You can pay as little or as much as you want, depending on terms.
- Bonds are safer than funeral insurance, even if the funeral bond goes under.
- It can be invested to make a bit more money and you can ask the bond to choose the type of investment and level of risk you want.

#### **BUT**

- **What you pay stays** – it cannot be taken out before you die
- It is safer to have a signed will to appoint someone as executor so they are allowed to get the money out from the Bond people.

### Funeral insurance

- This is not a savings fund. You pay a ‘premium’ every month or fortnight you don’t get back. Instead, you get coverage as long as you keep paying – if you die while you are covered then the insurer will pay your family a lump sum.
- This premium can usually get higher as you get older and is not good if you only live on an aged pension.
- This means you have to make payments every month or fortnight until you die. Doesn’t matter even if you can’t afford it anymore – if you stop paying then the insurer cancels after a month’s written notice.
- It has a high cancellation rate and you could pay more in premiums than what the benefit is worth.

## So which one is better for me?

- Funeral bond is safer if you plan earlier. But try to make sure you have a target amount set and make a will for the bond people to talk to your next of kin.
- Funeral insurance is not good for mob who are under 50 years old as they could end up paying more than what they can get.
- If you are over 50 and thinking of funeral insurance then ask the insurer how much you have to pay in premiums, if they have a level premium policy and how much you have to pay when you get your age pension. Always good to do a budget before making a decision.
- **Always read the Product Disclosure Statement which has the terms and call us if you have any questions about it.**

## What are some other options out there for me?

### Savings account

Safe and easy. Make sure your next of kin know about it so they can go to your bank with a funeral quote to get them to release it for payment.

### Superannuation

Make sure your next of kin knows about who your super is with so they can ask for an emergency release to pay for your funeral.

### Community funds

Check your local Aboriginal Land Council or Native Body if they have this.

## Help

**Call Mob Strong on 1800 808 488 for more information.** We are a free First Nations driven legal advice and financial counselling service. We help Aboriginal and Torres Strait Islander peoples from anywhere in Australia. We are a free and independent service. We keep your information private.