

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.