

Funeral Insurance

This fact sheet is for information only. You should seek legal advice before making any decisions.

Main ideas

- You can pay more in funeral insurance premiums than the policy pays out (much more, in some cases).
- If you cancel your policy, you usually will not get any premiums back.
- Premiums can increase as you get older, even on 'level' premiums. They can become unaffordable.
- There are other ways to save for your funeral.

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Funeral insurance can be misleading

Preparing for the funeral is a stressful time for many people. It is important to understand the options available to you and to make informed decisions.

Manipulative marketing:

Some funeral insurance policies are marketed in a way that is misleading. Sometimes consumers aren't given

Confusing information

Policies may be advertised in a way that is confusing. It is important to read the policy carefully and to understand what you are buying.

False assumptions:

Some policies advertise that the benefit will be enough to cover the cost of the funeral. However, this is often not the case.

Tricky terms:

Pamela's Story

By 2022 Pamela's funeral costs were \$10,000. She had paid \$5,000 in premiums over 10 years. The policy only paid out \$2,000.

The problem with funeral insurance

Alternatives to funeral insurance

Pre-paid funerals: These can be a good option, if you are able to pay for your funeral in advance.

High-interest savings account: Your bank or financial institution may offer a high-interest savings account for funeral expenses.

Funeral bonds: You can purchase a funeral bond, which is a type of insurance that pays for your funeral expenses.

Superannuation: When you die your super fund will pay for your funeral expenses, but you may need to pay for the funeral costs yourself.

Getting superannuation released early: You may be able to get your superannuation released early to pay for your funeral expenses.

If you are a Veteran: Veterans may be eligible for a Veterans' Funeral Allowance, which can help pay for funeral expenses.

If your family is on Centrelink: A bereavement payment may be available to help pay for funeral expenses.

If you are on Centrelink: Centrelink has information about the funeral expenses allowance.

If you are First Nations: check with your Land Council or Native Title Representative Body for more information.

Most states and territories have procedures to help pay for funeral expenses.

cancelling a funeral insurance policy

The law gives you a cooling-off period (normally 14 days) to cancel your funeral insurance policy.

Getting premiums back if you have been misled

If you have been misled about the benefits of a funeral insurance policy, you may be able to get your premiums back.

Need more help?

Visit [our website](#) for more information and links to useful resources.
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