

Other ways to pay for a funeral:

Pre-paid funerals	Best if there's no chance you'll move interstate before you die and the company is reputable. You can usually pay by instalments.
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High Interest Savings Account	Open a joint bank account in your name, and the name of a family member so they can access the funds after you die.
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Super & Life Insurance	When you die your super fund will pay out your super balance and any related life insurance to your family. You may also be able to get early release of your super if you have a terminal illness.
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Funeral Bonds	An investment product that accrues interest.
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Veteran Benefits	You may be entitled to funeral payments from Veterans' Affairs.
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Centre-link	A bereavement payment may be available through Centrelink.
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Getting premiums back

If you think you were **misled** by an Insurance company when you signed-up for funeral insurance, take these steps:

1. Request any recordings of the phone conversation where you were told about your policy.
2. If the company did not explain that your premiums would go up over time, call the Insurance Law Service. Our number is 1300 663 464. We are a free and independent service.
3. Visit our website for more information on funeral insurance: www.insurancelaw.org.au



Financial Rights
LEGAL CENTRE

1300 663 464

Monday - Friday

9:30-4:30pm (EST)

www.insurancelaw.org.au

The Insurance Law Service gives FREE legal advice to individual consumers of insurance in Australia

Why You DON'T Need Funeral Insurance!



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Insurance Law Service is a project of the Financial Rights Legal Centre Inc.

What is funeral insurance?

It is type of insurance that you take out to cover the cost of your funeral after you die. Depending on the type of funeral you can usually choose from \$5,000 to \$15,000 coverage. After you die this money will be paid to whoever you have nominated.

Planning for how you are going to pay for your funeral is a good idea, but funeral insurance may not be your best option. As you get older the cost of funeral insurance will increase, and may become unaffordable.

PAMELA'S STORY

SUMMARY

- **Take Care!** Unless you die within 5-10 years of taking out the policy this is unlikely to be the best product for you.
- If you are on the pension or your expenses increase, there is a very high probability that you will have to cancel the policy before you die because you'll be unable to afford the premiums.
- If you are on a higher income and can afford the rising premiums there's almost certainly a better product out there.

Pamela took out a funeral insurance policy in 2006 and told the salesman that she could afford premiums of \$30 per fortnight. She was told that if she took a "stepped premium" the premiums would increase only by "little amounts" each year. She initially took out a policy for \$7000 cover at premiums of \$30.63 per fortnight. By 2013 the premiums had increased 100% to \$62.97 per fortnight, but her cover only increased 20%. Pamela's only source of income is the aged pension. After paying for her nursing home and funeral insurance, Pamela has \$10 per week to live on. The premiums are expected to rise again next year and Pamela will be forced to cancel her insurance policy and all of her payments will be lost.

Can you cancel a funeral insurance policy?

Under the law you are provided with a 'cooling-off' period, normally around 30 days after you purchase a policy. You can cancel your policy in this period and get a full refund provided that you have not made a claim. Some insurers may charge an administration fee for the cancellation.

Things to consider

- Is your funeral plan worth the money?
- Will you be paying more for the insurance than the cost of the funeral?
- Will your premiums increase and will you be able to keep paying them?
- Ask "what will my premiums be in 5 years?"
- Funeral insurance policies usually have a 12 month accident-only period. That means that a benefit will not be paid upon your death unless your death is caused by an accident.