

PAYING FOR FUNERALS / MEMORIALS

Plan Ahead and Rest in Peace

Prepayment Options

Many members establish a Pay on Death (POD) account at their bank or similar financial institution designating their representative as the beneficiary of the funds in the account upon the member's death.

Be sure to inform your representative, family members, funeral establishment, Attorney-In-Fact under your Durable Power of Attorney, Executor and your estate planning attorney of the provisions of the account. Occasionally, POD accounts have service fees, and interest earned is taxable. Usually, the account can be canceled without penalty.

You may also prepay the mortuary using a pre-need trust or funeral insurance policy. It is important to be careful if you prepay the mortuary. Review the cautions contained in the [Consumer Guide to Funeral and Cemetery Purchases](#) by the California Department of Consumer Affairs. The guide is available online [here](#).

Prepaying the mortuary can have these **advantages**:

- When made irrevocable, you can set protected funds apart from other assets (important if you are applying for MediCal or other public benefits).
- When arranged with the mortuary, prepayment can lock the price that is paid for your plan (know, however, that interest earned on the prepayment deposited in a POD account is likely to grow faster than the increasing cost for services, so locking the price is a questionable advantage).

- Prepaying can establish an enforceable agreement that will require the mortuary to provide services for which you contract even if a survivor is pressing for different arrangement.

Prepaying at the mortuary can have these **disadvantages**:

- If you move, die while traveling, need the money for an emergency or simply change your mind -- from body burial to cremation, perhaps -- you or your survivors may not receive a full refund, including interest.
- Business can fail, embezzlement can occur or something else can go wrong. The prepayment will be safer in a bank or credit union that is FDIC insured.

Coverage for Children

Parents are reminded that the children they request to be covered under their membership become legal adults at 18 years of age and they need to apply and pay for their own membership at that point. Some parents give memberships as a gift to their adult children.