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S Y S T E M

Making Sense of Final Expense

By: Danny Weigand

What is Final Expense Life Insurance?

Final Expense, Burial, or Funeral Insurance is a whole life insurance policy designed to pay for end of life expenses, such as Funerals, unpaid debts, doctor/hospital bills, legal fees, financial gifts, etc.

Here are a few key elements of a Final Expense Life Policy:

- No Medical Exams!
- Benefits will never decrease, and premiums will never increase.
- Accumulates a cash value
- Coverage for ages 0-89
- AFFORDABLE- can fit any budget
- Coverage options between \$2,500 and \$50,000.

This is an important coverage, many unprepared or uninsured leave their families with large financial burdens after death.

Who will pay for your Final Expenses?

Social Security Administration

- If you are working and paying into Social Security, some of the Social Security taxes you pay goes toward survivors insurance. "Planning for Survivors" explains how you earn benefits and who qualifies for them.

Veterans Administration Death Benefit

- VA burial allowances are partial reimbursements of an eligible Veteran's burial and funeral costs.

Ask Yourself These Questions:

- Do you have the funds necessary to cover your final expenses?
- Will your family have access to your savings or checking accounts after you die?
- Do they have the funds necessary to cover such costly expenses?
- Do you want to put that burden on your loved ones?



Does the government provide any assistance?

- Social Security pays only \$255 as a death benefit and only to qualified dependents.
- Veterans Administration final expense benefit is only \$300 and you must qualify.

Not much help is it?

The facts are:

- A funeral ranks as one of the most expensive purchases most consumers will ever make.
- Household Social Security income can be cut by as much as 50% after the death of a spouse.

Final Expense Advantages

A Final Expense policy will accumulate cash value that you can borrow against should a need arise. The cash value amount depends on your age, how long you've had your policy, and the dollar amount of premiums paid.

The death benefit is coverage that will last a lifetime, as long as the premiums are paid.

Final Expense Plans

1. Level Death Benefit

A Level Death Benefit provides for a fixed amount of coverage throughout the lifetime of the policy equal to the initial face amount. This plan does not require a waiting period or elimination period before all benefits can be received.

2. Graded Death Benefit

A type of policy designed for people who want more life coverage than they can currently afford. They pay a lower premium rate that increases gradually over the first three years and then remains constant over the life of the policy.

- Graded Death Benefit (most policies)
 - Accidental Death - Full Benefit Immediately
 - Non-Accidental Death
 - Policy year 1- 30% of benefit amount
 - Policy year 2 - 70% of benefit amount
 - Policy year 3 - Full death benefit

3. Modified Death Benefit

Modified Final Expense plans have reduced death benefits (for non-accidental death) in the first two policy years and do not have a full death benefit until the third year.

- Modified Death Benefit (most policies)
 - Accidental Death – Full Benefit Immediately
 - Non-Accidental Death
 - Policy year 1- 110% of earned premium
 - Policy year 2- 110% of earned premium
 - Policy year 3 - Full death benefit

What is a Rider?

A rider provides the policyholder extra protection beyond the provisions contained in a standard insurance agreement.

Policy riders are additional benefits that can be added to your base life insurance policy. They enable you to design your life insurance coverage so that it fits your individual needs.

Examples of a Rider

Some common examples of riders include:

- Accelerated Death Benefit Rider
- Accidental Death Benefit Rider
- Waiver of Premium Rider
- Family Insurance Rider



What are the main concerns facing seniors today?

- The death of a loved one
- Outliving your money
- Nursing home confinement
- Failing health and loss of independence
- High costs of Final Expenses

Why seniors tend to neglect making some of life's most important decisions!

- Procrastination
- Lack of knowledge
- Lack of solutions
- Emotions
- Denial
- The most common reason, however, is that no one wants to think death, about their own mortality

Who will be left to make these decisions?

- What kind of funeral will it be?
- Who will pay the costs?
- Who will make the decisions?
- What would they want?
- And many more

At a future date, someone will be responsible for making your funeral arrangements and someone will have to pay for them? Do you want to burden your loved ones with facing these decisions when they are already dealing with the grief of a loss.

Would you want your family to know your final wishes?

Talking with your family and informing them of your final wishes and them helping plan in advance would give everyone a peace of mind that comes with knowing you have followed through with your loved one's wishes.

You and your loved ones don't have to make decisions under stressful circumstances.

Advanced funeral planning gives you the peace of mind that comes with knowing your funeral arrangements are taken care of while lessening the burden on your survivors.

American Association of Retired Persons

Planning Ahead

The best way to handle these tough decisions is to plan ahead, make these decisions early, without the pressures of time and grief. Some of the benefits to planning ahead are:

- Planning ahead allows your funeral to be conducted in accordance with YOUR wishes.
- Handles any family differences about what you wanted.
- Relieves your loved ones from having to make tough decisions during their time of grief.

The following pages are included to assist you in your planning process.



What to do when a loved one dies.

When a loved one passes away, it is an understandably stressful time. It can be even more stressful and/or traumatic trying to remember all of the details that must be taken care of related to a person's death. If you are in charge of handling the affairs of the decedent, here is a checklist of some of the more important considerations:

At The Time Of Death

- If death occurs in a hospital or hospice, the medical personnel will usually notify the appropriate authorities, although they will want to know which mortuary or funeral home should be called.
- If death occurs at home, call 911, the paramedics or the police so that the proper pronouncement of death can be made.
- If the deceased has consented to be an organ donor or the family is willing to consent to organ donation and the individual dies at home, the paramedics should be called immediately and be sure to let the dispatcher know that the person is a potential organ donor
- As soon as possible and practical, notify immediate family and friends about the death of the loved one. If a family member or close friend can be designated to make these contacts, this could relieve you of a great deal of stress. In order to assist them, prepare an accurate listing of the names, addresses and telephone numbers of family members and/or friends to be notified.
- Contact the funeral home. They will transport the body from the place of death to their facility. If death occurs out of town, notify the local funeral home you have selected, which can then make the arrangements to transport the body back to your local community.



Soon After Death

- Notify the deceased's employer, religious advisors, attorney, accountant, financial advisor/insurance agent and executor, as appropriate.
- Locate any written preferences left by the deceased in regard to final arrangements.
- If necessary, make arrangements for the care of any minor children and pets and/or to secure the deceased's home.
- Make funeral/memorial service plans, including the time, place and style of the service, as well as cemetery or memorial park location. The funeral home may request a financial deposit. Consider assigning a life insurance policy to cover the costs. Keep a record of all funeral/memorial service expenses.
- If the deceased was a veteran, contact the local VA office in regard to a burial allowance, a government headstone or marker or, possibly, government burial.
- Provide the funeral home with information (and a picture if desired) to be used in the obituary notice.
- Determine who will speak at the funeral/memorial service, as well as those who will serve as pallbearers.
- Because the obituary notice contains the time and date of the service, consider asking someone to stay at the home during the service to guard against break-ins.

After The Service

- Arrange an appointment with the attorney and/or executor to begin the estate settlement process.
- Do not deposit any benefit checks payable to the deceased, such as Social Security checks, received after the date of death. Otherwise, they may need to be repaid.
- Depending on the deceased's living arrangements, it may be necessary to stop newspaper subscriptions, alter or discontinue utility services and/or contact the post office to forward mail.

Important Documents

- Certified copies of the death certificate (10 - 15 copies)
- Social Security number
- Copy of will and any trusts
- Insurance policies
- Deeds and titles to property
- Automobile titles and registration papers
- Bank and brokerage account statements
- Safety deposit box information
- Record of employer-provided fringe benefits
- Payment information for any outstanding loans and credit card balances
- Deceased's birth certificate and marriage license
- Recent income tax returns
- Business ownership documents
- If the deceased was a veteran, honorable discharge papers and/or V.A. claim number

Estate Probate

Probate is a legal process that takes place after someone dies. Probate is the Latin word for prove, which means that through the estate probate process, a will is brought before a court to prove that it is a valid will.

Does all property have to go through probate when a person dies?

No, most states allow a certain amount of property to pass free of probate or through a simplified probate procedure. In addition, property that passes outside of your will -- say, through joint tenancy or a living trust -- is not subject to probate.

The probate process can be a lengthy one. Depending on the complexity of the estate, it is not uncommon for this process to take six months to a year or more before an estate is finally settled.

General Guidelines To Assist In The Efficient Settlement Of An Estate

- Safety deposit box:** The executor should inventory the contents of any safety deposit box and determine what contents should be removed.
- Asset inventory/valuation/management:** The executor should complete an inventory of all estate assets
- Business interests:** The executor is responsible for managing and disposing of any business interests in accordance with the deceased's will and/or any agreements, such as a buy-sell agreement.
- Debts:** The executor reviews all debts owed by the estate and pays those that are valid from the estate.
- Life insurance:** Obtain death claim forms for all policies on the deceased's life, either from the insurance companies or the local agents.
- Bank accounts:** Verify the existence of all bank accounts of the deceased. Any bank accounts held in the deceased's name only will have to go through probate.
- Credit cards:** Pay any balance due from the estate and cancel any credit cards in the deceased's name alone. On joint credit card accounts, change the name to the surviving spouse only.
- Social Security:** If the deceased was receiving Social Security benefits, notify Social Security of the death. A surviving spouse and/or dependent children may be eligible for Social Security survivor benefits. In addition, Social Security may provide the surviving spouse with a \$255 one-time death benefit. Contact the local Social Security office or call 800-772-1213 for a determination.
- Employer-provided benefits:** If the deceased was employed at the time of death, contact the employer to determine if the surviving spouse and/or any dependent children are entitled to receive death, survivor and/or healthcare benefits. If the deceased was retired, notify any benefit programs that were making payments to the deceased.
- Tax returns:** The executor is responsible for filing all required state and federal income and estate tax returns and paying the taxes due.
- Expenses:** The executor uses estate assets to pay attorney, appraiser, accountant, probate and executor fees and expenses.
- Estate accounting:** The executor provides an accounting of all funds received by the estate and disbursements made from the estate.

Specific bequests: The executor first distributes any specific bequests made in the deceased's will.

Residuary estate: After specific bequests have been distributed, the executor distributes the residuary (remaining) estate according to the terms of the deceased's will.

Professional Advisors

Attorney:

Firm Name: _____

Phone: _____

Street Address: _____

City, State, Zip: _____

Accountant:

Firm Name: _____

Phone: _____

Street Address: _____

City, State, Zip: _____

Life Insurance Agent:

Firm Name: _____

Phone: _____

Street Address: _____

City, State, Zip: _____

P&C Insurance Agent:

Firm Name: _____

Phone: _____

Street Address: _____

City, State, Zip: _____

Stockbroker:

Firm Name: _____

Phone: _____

Street Address: _____

City, State, Zip: _____

Financial Planner:

Firm Name: _____

Phone: _____

Street Address: _____

City, State, Zip: _____

Trust Officer:

Firm Name: _____

Phone: _____

Street Address: _____

City, State, Zip: _____



Document Checklist



Document & Location

Personal:

Birth Certificate

Marriage License

Pre- or Post-Nuptial Agreement

Will

Trust(s)

Living Will(s)/Power(s) of Attorney

Mortgage Papers

Automobile Titles/Papers

Income Tax Returns

Gift Tax Returns

Insurance Policies

Employee Benefit Documents

Passport

Military Records

Medical Records

Warranties

Current Bills

Funeral/Burial Documents

Other

Business Ownership:

Partnership/Incorporation Documents

Buy-Sell Agreement

Business Valuation/Appraisal

Business Tax Returns

Other

Funeral Instructions

Funeral Home

Name:

Telephone Number

Pre-Planned Arrangement?

Yes No

Burial or Cremation?

Burial Cremation

Viewing?

Yes No

Type of Casket/Urn

Open or Closed Casket?

Open Closed

Appearance (clothing, jewelry)

Special Requests

Funeral/Memorial Service?

Funeral Memorial

Where?

Who Will Preside at the Service?

Pallbearers:

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Requested Hymns/Scriptures

Special Requests

Place of Interment

Location of Cemetery Deed or Contract

Type of Headstone

Epitaph

Special Requests

Obituary Notice?

Yes No

