



CLIENT: Elder Life Group

PROJECT: White paper

OBJECTIVE: Develop a lead magnet for insurance and investment advisors as part of an outbound B2B campaign

SUMMARY: A longtime financial-services client commissioned a product-specific email/postcard campaign with accompanying landing page and white paper, which was offered to prospects who scheduled an intro call

AN ELDER LIFE GROUP WHITEPAPER

Funeral Planning Crisis



ELDER LIFE
GROUP®

5 Reasons Advisor Support is Critical for Families Today

And how you can turn this support into a growth spurt for your insurance or investment business

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The Troubling State of Funeral Planning in the U.S.

The high costs of aging represent one of the biggest financial risks Americans face during their golden years. Regardless of accumulated wealth or financial strategy, no one is exempt from their impact on a lifetime of savings.



17%
of Americans
40+ have planned
end-of-life expenses



60%
of the above
have prepaid any of
these expenses



17%
who prepare
are being reactive
rather than proactive

These costs continue even after death. Yet, only 17% of Americans over 40 have factored in their end-of-life expenses. Only 60% of these have actually prepaid any of them.¹

The reason is understandable.

Most people, including insurance and investment advisors, naturally think the only option for funeral expenses is to visit a funeral home. But, no one wants to spend several hours in such a somber setting to do this.

Simply contemplating one's own death is uncomfortable. It's only human for people to avoid tough topics like this. It's just as human to procrastinate on "someday" needs involving matters that arise once they're gone.

Even most of the 17% who do prepare are being reactive rather than proactive. For instance, some industry experts have claimed that nearly half of all people who buy pre-need insurance policies from licensed funeral directors do so specifically for Medicaid spend-down. The rest are motivated by some other life event, such as loss of a loved one, a terminal diagnosis, or aging to the point where they realize their time may come soon.

With so few people interested in this as part of their long-term strategies, the pre-need insurance market has remained small and stagnant. The result for consumers can be difficult decisions at inopportune times with funeral providers whose interests don't align with theirs.

What many don't realize is that they do have options. They just need someone they trust to show them what to expect and how to plan for it.

¹ Funeral and Memorial Information Council

Top 5 Reasons Seniors Need Advisor Support with Funeral Planning

Five areas in particular stand out. Consumers receiving experienced guidance from their advisors here fare far better than those who attempt to navigate them alone. And, considering 43% of Americans over 55 feel they have no advocate to safeguard their best interests, the need for that guidance is very real.³

- **Complicated Estate Administration**
- **Liquidity and Affordability**
- **Beneficiary Considerations**
- **Long-term Financial Planning**
- **Family Conflict**

What Seniors and Their Families Should Know About End-of-Life Expenses

Not preparing for end-of-life expenses doesn't impact our treasured seniors. It impacts their families.

The processes involved with estate settlement can be long and arduous. Legal, financial, and even interpersonal complications can place undue pressure on the deceased's heirs.

This unfortunately begins right away. Someone has to pay for the funeral, which on average costs \$9,135 when including a vault burial. All-in figures regularly top \$15,000.²

Much of this cost may even be unnecessary. Funeral homes are businesses like any other. While not always the case, their sales goals may influence how they advise their customers.

But, it doesn't have to be the family that's left to figure it all out.

Knowing how avoidable this burden can be is the missing incentive for most seniors. Their insurance and investment advisors can and should be the ones bringing such relief to the table as trusted stewards of their financial welfare. In fact, the right solution can have a positive impact not only on seniors' families, but on advisors' businesses as well.

The first step is education. Helping your clients understand the need for proper pre-planning is essential, and it also makes introducing that eventual "right solution" much easier. Successful advisors begin by addressing critical but often-overlooked market realities that present inroads to monetizable support for families.

² National Funeral Directors Association

³ Merrill Lynch

1. Complicated Estate Administration

The disappointing truth is that there's no clear-cut path with estate administration. Families who try to Google their way to answers find that they have little choice but to speak with a legal professional before long.



16 mo.
Nat'l. average
time it takes to
reach a settlement

Every state handles administration differently. On the private side, financial institutions may or may not start the claims process without a death certificate (though this is rare). They then have their own rules for the process.

Adding yet more stress is the length of the process. Transferring assets is time-consuming and tedious. Few settlements take less than 11 months, and 16 months is the national average.⁴ Executors can expect to spend an average of 570 hours on administration. Any mistakes or incorrect paperwork only delays things even further.

Of course, this all assumes the deceased's affairs are in order. However, only 37% of Americans have a will, and nearly a quarter of those are outdated.⁵ Surviving heirs expecting reimbursement for funeral expenses through the estate may find this difficult or even impossible.

The result is confusion and pain at a time when those are the last things families need. What they do need is to minimize this burden, preferably well in advance with professional guidance.



37%
of Americans
have a legal will

Simply put, with estate administration, the only consistency is inconsistency. Compounding this is the fact that distributing assets post-death may take multiple forms:

- Paid outright, or...
- Require probate, or...
- Be administered by a trust.

Asset type and how it's titled profoundly influences which way this goes. Many don't understand that ahead of time, though. Wishes can go unfulfilled because of the lack of awareness surrounding estate administration.



25%
of legal wills
are outdated

For example, if a husband and wife hold a joint account and the husband passes, ownership transfers to his wife. Even if he wanted a portion to go to someone else, the funds are now hers to do with what she will. This includes paying the intended beneficiary (or not) at her discretion.

⁴ EstateExec

⁵ US Legal Wills

2. Liquidity and Affordability

Confusion about liquidity is often tied to the complexity of estate administration. Some families who lose an aging loved one expect to use funds from that person's estate right away, believing a financial power of attorney will be all they need. Unfortunately, a POA's power ends at death, which means they lose legal authority to close the family member's accounts.



\$400

in expenses add stress for nearly half of Americans



3 in 10

would need to sell possessions or borrow to cover it



2 in 10

would be unable to pay their bills that month

Furthermore, most institutions won't pay out death benefits without a death certificate for security reasons. However, obtaining one is a drawn-out bureaucratic process that varies not just state to state, but county to county. Families may have to dip into personal funds to cover immediate end-of-life expenses.

Even those who have prepaid with funeral homes could face issues. Two-thirds of adults over 40 rely on these businesses for making arrangements and selecting merchandise.⁶ Contracts may be signed, only for people to later discover that certain terms weren't guaranteed in the fine print. The business could also close before its services are needed.

Or, the family may simply move out of the area, making their late loved one's arrangements impractical. Any of these scenarios effectively punishes those who otherwise shrewdly planned for these costs years in advance.

In some cases, surviving heirs are left scrambling to find the necessary funds. This can be a debilitating issue for many families at or below median income levels. Few households earning the US average of roughly \$71,000⁷ can shrug off an unexpected bill of this magnitude.

In fact, according to the Federal Reserve, a surprise \$400 expense is all it takes to cause anxiety for nearly half of Americans. Three in 10 would need to sell possessions or borrow to cover it, and two in 10 would be unable to pay their bills that month.⁸ Thousands of dollars in unplanned funeral costs would be unfathomable.

It's upsetting to most parents when they learn their children may be on the hook for this. It's truly heart-wrenching to imagine it may put them in a bind. Seniors need a reliable guide to show them how to secure funds now for payout of immediate—and *predictable*—end-of-life expenses.

⁶ Funeral and Memorial Information Council

⁷ US Census

⁸ Federal Reserve

3. Beneficiary Considerations

For families that find themselves in a true bind with unexpected funeral expenses, a first step is often determining who's in the best position to access cash quickly. But, without understanding how various processes and designations work, they can be left in the dark at a critical time.



1 in 3

people know beneficiaries can be arranged for joint & non-joint accounts



States

will appoint an executor if one isn't named in a will

The aforementioned joint bank account between husband and wife is a good example. Most of these accounts include "right of survivorship." As in the example, if the husband passes away, his wife retains ownership.

However, if she is only a secondary account holder, the account must be closed. The FDIC will only continue to insure the account for six months to allow for redistribution of funds.

Non-joint bank accounts may still have beneficiaries, even if no will exists. Any asset with a designated beneficiary is "payable on death" to that individual. The bank simply transfers funds to the him or her and closes the account.

Unfortunately, only one out of every three people realize such arrangements can circumvent probate to cover funeral costs.⁹

Bank accounts may also become inactive after the holder's death if no

joint ownership or beneficiary plans were made. Heirs may be unaware that accruing inactive fees are draining funds that may be desperately needed for end-of-life expenses (or be put toward other needs later). Unused accounts could eventually be transferred to the state.

The state will appoint an executor if one isn't already named in a will. Creditors are then reimbursed first, and the remaining money is subject to local inheritance laws.

Pre-planning for beneficiaries, among related considerations, avoids red tape and inaccessible funds. This is where strong insurance and investment advisors step in. They offer solutions that expedite the transfer of money to the right loved ones at the right time. Especially for cash-strapped families, it's a need that cannot be overstated.

⁹ Policygenius

4. Long-Term Financial Planning

Economic adjustment is a reality for many surviving spouses. End-of-life expenses could be a painful part of this for those whose ongoing financial welfare may depend on these funds to some degree.



\$75k
avg. income
for couples 50-70

For couples 50-70, the average household income is approximately \$75,000. If the husband dies, that income drops to \$47,000. After adjusting for maintaining the standard of living for one less person, the average individual income for widows decreases by \$5,500 per year.¹⁰

This transition to a single source of income is just one repercussion. Spousal discounts also go away. Health insurance changes. And, according to the Federal Reserve of Chicago, rates of insolvency double due to the overarching financial impact of losing a partner.

Social Security survivor benefits can help. But, it's unwise to rely on these, particularly right away. A person isn't eligible for this program if he or she is under 60 (except in the case of disablement). For those who qualify, it takes time to contact federal programs and provide whatever proofs of death they need. If the deceased receives another SS payment before this, then that payment must be returned.

\$5500
per year

amount the average
income for widows
decreases per year.

An estate plan can offset financial risk for spouses. That said, certain procedural needs are unavoidable, not to mention near-term costs on top of funeral expenses. For instance:

- **Any estate tax is typically due within the first nine months.**
- **It takes an average of \$12,400 in legal and accounting fees to settle an estate.¹¹**
- **Unpaid medical bills and debts must be addressed, with over 50% of surviving partners facing some form of debt.¹²**

¹⁰ Federal Reserve Bank of Chicago

¹¹ EstateExec

¹² Empathy



79%

of spouses
and/or family must
pull from savings to
cover funeral costs



70%

of seniors
will require
some sort of
long-term care

Sometimes, funeral planning that forward-looking couples do undertake doesn't come to fruition. Life insurance is one example. Advisors using traditional strategies may point to the policy's death benefit as a means of covering the burial and all associated costs. However, if long-term care is necessary, this may not be possible. This is because of the nature of the policy:

- Life insurance policies often contain some leverage—e.g., the cash value of the policy is \$8,000, but the death benefit is \$10,000.
- In a long-term care situation where the individual has done no or incomplete planning for this, these policies may be cashed in as part of spend-down.
- The death benefit is subsequently surrendered once the policy is cashed in to pay for a nursing home or assisted living.
- Despite the individual wisely accounting for funeral expenses ahead of time using this traditional approach, the value that the policy would otherwise bring disappears.
- Given 70% of seniors will need some form of long-term care,¹³ such an approach could affect a significant portion of the population.

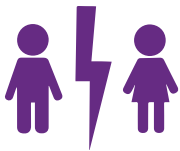
It is because of these and other factors that 79% of spouses and/or family members must pull from their own savings for an indefinite period of time.¹⁴ Removing end-of-life funeral expenses gives everybody one less thing to worry about, especially as lifestyle changes may be imminent even without them.

¹³ Administration for Community Living

¹⁴ Empathy

5. Family Conflict

When discussing funeral arrangements, the last area advisors typically address is a true heartbreaker. This is the case regardless of how much wealth a family may have or the funds they may have access to right away



44%
of people
have experienced
family conflict
during their estate
settlement.

Nearly 60% of Americans intend to leave a financial legacy¹⁵ (despite many not having a will). Sadly, studies show that family conflict tied to this legacy is more prevalent than most know.

According to EstateExec, 44% of people have experienced or were aware of such conflict during their estate settlement.¹⁶ Its impact can be felt widely given the average of four family members involved in this process.¹⁷

Even worse, what may start as minor bickering can turn into outright theft—specifically, inheritance theft. This unfortunate reality ranges from manipulating the estate holder while living to embezzlement after their passing.

The estate itself doesn't even have to be worth a fortune to divide relatives, regardless of their relationship. Attorneys have estimated that 90% of contested probate cases pit the surviving spouse against the deceased spouse's children.¹⁸ These cases can be any size and last months, wracking up

thousands in legal fees and possibly depleting the very estate in question.

Any reasonable person would be horrified if they knew that squabbles over their money would cause a rift in the family. Knowing that their preparations could help avoid this combined with the idea of a tarnished reputation can be very motivating. After all, 52% of people view those who die without their affairs in order as irresponsible, and 22% see them as inconsiderate.¹⁹

Proper funeral planning is one way to remove a potential source of internal crisis. It's a shame when any conflict arises, but it shouldn't involve final arrangements for a loved one. A good strategy keeps the awkward, guilt-ridden topic of "who's going to pay for the funeral" out of a stressful conversation. Families just need help putting it in place.



90%
of cases
pit the surviving
spouse against the
deceased spouse's
children.

¹⁵ HSBC

¹⁶ EstateExec

¹⁷ Empathy

¹⁸ The Hartford

¹⁹ Merrill Lynch



Dean W.

Life and Health Insurance Agent

Now I feel I'm doing the right thing for my clients. Plus, you get paid for what you do, not the funeral home. It's giving peace of mind to clients who know it won't be a burden on their family.

Enhance Your Support with a More Practical Solution — for Them *and* You

The passing of a beloved family member is never easy. No family should find itself in financial limbo because planning end-of-life expenses was put off until too late.

Fortunately, there's an alternative to traditional, but non-guaranteed funeral home arrangements. It helps overcome other potential hardships for families during already-emotional times. And, it turns you into an even better advisor while growing your business in new ways.

We're talking about the **funeral expense trust, or FET**.

The FET is a small, guaranteed-issue life insurance policy that's irrevocably assigned to a free trust. It fully secures a portion of an individual's assets until they're needed to pay end-of-life expenses. It has protected hundreds of millions of dollars in its first decade on the market.

By introducing the FET to your clients, you add value by:

- **Allowing them to avoid the funeral home through making arrangements in their own homes.**
- **Guaranteeing use of their funds solely for payment of funeral expenses.**
- **Making funds probate-exempt, usually available within 48 hours without a death certificate.**
- **Ensuring arrangements can apply to any funeral home in the US.**
- **Protecting end-of-life funds from creditors and predators.**
- **Offering a Medicaid-exempt product with greater death benefits than typical policies.**
- **Strengthening their overall financial strategies through zero upfront fees, no income tax on proceeds, and steady policy growth until it's needed.**

As effective as they are innovative, FETs benefit not only your clients, but your own practice as well. Thanks to commissions up to 15%—*3x the average fixed annuity*—advisors offering FETs are generating an additional five to six figures in annual revenue. Some who have made them a core part of their business are exceeding half a million dollars a year from FETs alone.

All from a simple “checkbox” product added onto larger retirement or long-term care plans.



Excel Today with FETs from Elder Life Group

Leading IMO and financial organization Elder Life Group helped pioneer this groundbreaking product. We work with carriers that underwrite policies in 49 states and DC, making our solution the most widely available in the US.

Our understanding of FETs is unmatched. We use this to help insurance and investment advisors in our network unlock significant new value for their businesses. By working with our team, you will learn how to:

- **Start the conversation with both current and prospective clients.**
- **Remove client discomfort with funeral planning by turning it into a practical decision.**
- **Position the product for families in various financial situations.**
- **Explain FET benefits in simple ways that lead to full client comprehension.**
- **Perform each step in the trust-funding process with confidence and ease.**
- **Apply different state limits and regulations based on client location.**

Quite simply, if people don't know there's a better path to take, they won't look for it. We put you in position to be proactive about this, which makes sense for everyone involved. Going through you to prepay funeral expenses offers families welcome relief and you an outsized return.

This has made the FET one of our most popular pre-planning and crisis planning products. As one longtime veteran of both the funeral and financial planning industries has said:

"It's an incredibly lucrative opportunity for an advisor and a true service to their clients. I would even go as far as to say not offering it is a disservice to a client!"

Get in touch with an Elder Life Group representative to see how we can put the benefits of our FET to work for you and your clients right away, too.

Elder Life Group is a national company with a local presence. With over 3,000 advisors in our network, we offer expert support to clients and their attorneys in every corner of the country.



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The funeral expense trust from Elder Life Group is one of the easiest ways to provide your clients with the peace of mind they've worked hard to earn. It's also one of the easiest ways to grow an advisory business you've worked hard to build.

Call us today to discuss adding the FET to your portfolio of best-in-class products.



Elder Life Group is a leading financial organization specializing in healthcare and retirement planning. Our advisors work with law firms, insurance professionals, and financial institutions across the country to protect our valued seniors from the high costs of aging.
We find options, you find peace of mind.

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