



A part of AVA

Death shouldn't mean debt

Responsibility, choice and selflessness



The Sun Life Direct Cost of Dying Survey 2012



A part of 

Welcome to the Sun Life Direct Cost of Dying Survey 2012. This is our 6th Annual Survey into the cost of dying and end of life planning.

As an organisation which is neither a funeral director, legal services provider nor a government agency, Sun Life Direct occupies a special position in the debate about death and dying. We have valuable information and insights into consumer behaviour which we are happy to share with those charged with developing strategies to help defuse the looming end of life crisis.

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Foreword

“This I choose to do. If there is a price, this I choose to pay. If it is my death, then I choose to die. Where this takes me, there I choose to go. I choose. This I choose to do.”

Quote from Terry Pratchett, “Disc-world” novelist and Alzheimer’s sufferer.

In June 2011 Terry Pratchett presented a one-off BBC television documentary entitled “Terry Pratchett: Choosing to Die” on the subject of assisted death. The programme was considered controversial, but highlighted two points about responsibility and choice in death. Firstly, it is a distressing experience when we have no choice other than to witness the death of someone close to us. But secondly, it can be empowering or liberating for someone to selflessly take responsibility for what happens when they die.

This year’s Cost of Dying report has the question of individual responsibility at its core, and the choices we take in making provision for death, and specifically our funeral. It is clear and perhaps unsurprising that people have varying requirements and preferences, therefore make different choices about what plans to put into place.

At first glance the UK appears well prepared, with the vast majority keen to take responsibility. This responsibility entails having plans or ensuring they have the means to cover at least part of the cost of a funeral when their death occurs. Yet there are a number of people for whom meeting the cost of a funeral is still a struggle.

For more information, contact Simon Cox, Head of Life Planning at Sun Life Direct on 07977 917 482 or Paul Riddell, Head of PR and Communications at AXA UK on 01256 798 442.

People make a conscious decision when it comes to deciding which option for meeting their funeral costs best suits their needs.

On closer inspection we know that without intervention the problem of funeral poverty, like the shortfall that various enquiries have highlighted in relation to individual preparation for pensions and social care, is going to get progressively worse. This is due to a confluence of important factors that frame this report:

- The death rate will rise as our population ages and people eventually and inevitably die
- Increased longevity accompanied by potential ill health and its associated costs
- High levels of national debt and the austerity measures that will inevitably constrain public spending programmes of all types for at least the next decade
- An uncertain economic climate leading to pressure on jobs, incomes and pensions
- A looming national issue of social care costs and risk to savings

At the same time, we know that funeral costs are rising in real terms. Our ongoing reports into the cost of dying have shown that:

- Funeral inflation has been 71% since 2004, far ahead of the RPI and wage inflation
- 17% of people struggle to afford a funeral. Their average shortfall is £1,246. If representative of the 552,000 deaths in the UK¹, funeral poverty has grown from £85m in 2010 to £117m in 2012

In response to this situation our research this year shows that there are a number of issues and characteristics that influence our behaviour when it comes to planning for funeral costs. There are a number of people who make no specific preparation, but for wildly different reasons. On the one hand, the richest have no need to worry; on the other hand the poorest do not have enough to make advance provision.

For those that make specific provision for their funeral, how they do so comes down to their preference for simplicity, certainty and affordability. But regardless of the means we employ, our research shows that making provision gives the individual peace of mind and security, easing potential concerns about being a burden or the stigma associated with having to rely on the state. It also allows for an individual to maintain control, even in death.

SOURCE:

¹ ONS

What happens for those people for whom the cost of a funeral is increasingly out of reach?

For those that struggle to meet the cost of planning for their own funeral, they can leave a potential burden to their family and friends. Alternative options, such as financial support from the state, do not cover the full cost of a funeral, and are not open to all. Research we commissioned earlier this year into the process and experience of applying for a Social Fund Funeral Payment highlights an outdated and decaying system of support.²

Sun Life Direct has been campaigning for this system to be modernised. In a recent announcement by the Department for Work and Pensions about changes to the Bereavement Benefits (excluding Social Fund Funeral Payments), the rationale for change was “to improve an out of date system, while retaining the current level of funding”.³ In calling for change for the Social Fund Funeral Payment scheme, Sun Life Direct will continue to engage with stakeholders and Parliamentarians to achieve a similar outcome.

How people can prepare for the cost of dying, and what is the ‘right choice’, is subjective and influenced by age, affluence, personality and specific needs. What is clear though is that the number of people that will need to plan for their funeral is set to grow, and without intervention funeral poverty is set to increase significantly.

Whilst making provision feeds people’s sense of pride and their feelings of empowerment, in another sense going to this trouble and cost for a time and an event, when we are no longer here has to be seen as an act of the utmost selflessness and by that token speaks volumes about the character of the British people. But times are changing and getting tougher. Policymakers, commentators, service providers and supporting services also have a responsibility to help people recognise the need to plan ahead, the choices available and the differences that exist between those choices. The research in this report shows clearly that some kind of self provision is better than none and where there is none people may suffer a loss of self-esteem in their final years, as well as leaving debt and distress to those left behind.

Sun Life Direct and the University of Bath are jointly hosting with Citizens Advice a parliamentary roundtable on 28th November to debate funeral costs and the growing issue of funeral poverty and support systems available.

Simon Cox

Head of Life Planning
at Sun Life Direct



SOURCE:

² Sun Life Direct: Cost of Dying Special Report: “Affording a funeral” Social Fund Funeral Payments

³ Department for Work and Pensions: Government response to the public consultation, Bereavement Benefit for the 21st Century

The basis of the research

The research this year focused on the reasons why individuals put plans into place to cover funeral costs. Building on last year's findings where we examined the journey to death, our emphasis this year is on the motivations for planning and the decisions that individuals make. Supporting this was the first research of its kind commissioned by Sun Life Direct and undertaken by the Centre for Death and Society at the University of Bath into state support for funeral costs.

Methodology

The Cost of Dying was established using two surveys; the first asking a sample of UK adults aged 18 and over who had been responsible for planning a funeral and administering an estate, which we first carried out in 2007. In the second, we contacted a panel of funeral directors in 10 regions. The survey was first carried out in 2004.

In a third survey, a sample of 1384 UK adults aged 50 and over and of the C2DE demographic were asked whether they have thought about how they would pay for their funeral costs. The 1009 that had were then asked about their attitudes towards planning and taking responsibility for these costs. We asked a range of questions about a number of topics, including:

- Attitudes towards financial management
- Steps taken towards planning for funeral costs
- Motivations for planning

This survey was complemented by an online forum panel.

The surveys have once again been carried out in collaboration with Mintel Research Consultancy.

Dr Kate Woodthorpe

Lecturer in Sociology,
Centre for Death and
Society at the University
of Bath

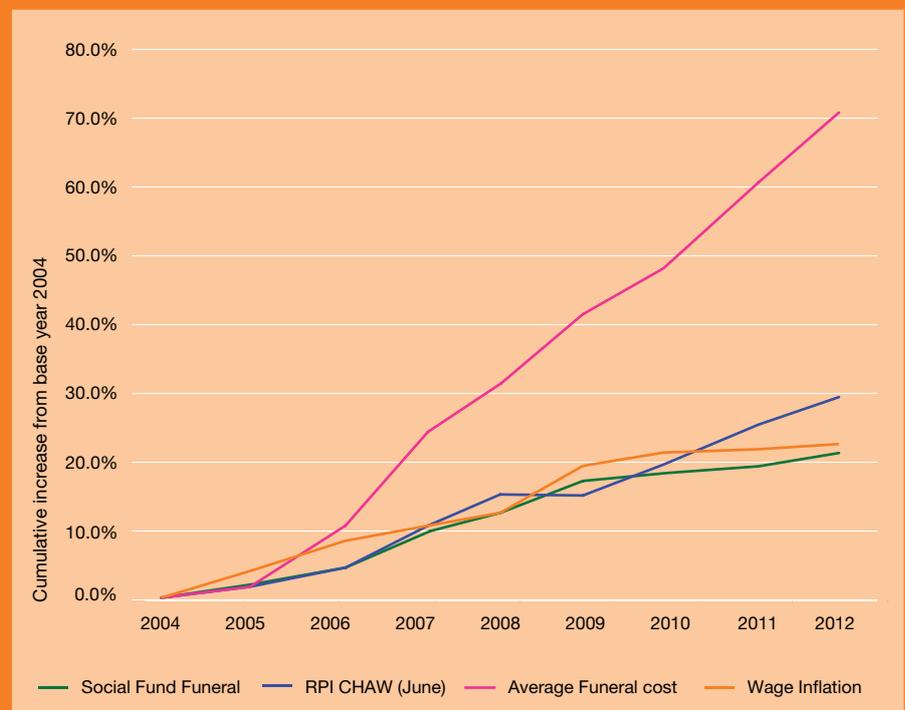


Why taking responsibility for death matters

Over the last four years we have witnessed a squeezing of the economy and on personal budgets the like of which has not been seen in the post-war period. While the population continues to age, job insecurity, frozen wages, high inflation rates, depleting pension pots and a shrinking of the safety net of the welfare state are placing evermore pressure on individuals' incomes.

At the same time, funeral costs continue to rise above the rate of inflation. Our research this year shows that the average funeral now costs £3,284, 6.2% more than in 2011. The retail price index increased by 3.5% over the same period.⁴ We estimate the size of the market this year to be £2.8 billion. This is an increase of £400m over the last five years.

Since we started our annual investigation into funeral costs in 2004, funeral costs have risen on average 7% every year.



SOURCE:

⁴ ONS

GRAPH SOURCE:

ONS, DWP Annual Report by the Secretary of State for Work and Pensions on the Social Fund 2011/2012

At the same time individuals are increasingly expected to provide for their old age. Concerns about the viability of existing pension arrangements and the funding of care costs towards the end of peoples' lives mean that finances post-retirement are a critical social and public issue.

There has therefore never been a more urgent time to take responsibility for one's own circumstances. Part of this necessarily involves accommodating potential changes in employment, planning for retirement, managing existing capital and making sure that all eventualities are covered. Planning for meeting the cost of one's own funeral is a part of this discussion.

As this report will show many people want, and do, take responsibility for their funeral costs. Often this is associated with a sense of pride, a desire to not be a burden on family and friends, and the satisfaction of knowing things are in order.

Importantly, our research shows that individuals make a conscious decision about which option to choose when it comes to ensuring there are funds available for their own funeral. There are a number of varied reasons for these decisions, including an individual's preference for simplicity, security, flexibility and affordability.

Through examining these reasons, this report aims to shed light on how individuals are responding to continued rising funeral costs. It includes academic research conducted earlier this year by the Centre for Death and Society at the University of Bath. This examined the experience of those individuals who organise a funeral for someone who has not set any money aside and there is no other means to pay for the funeral.

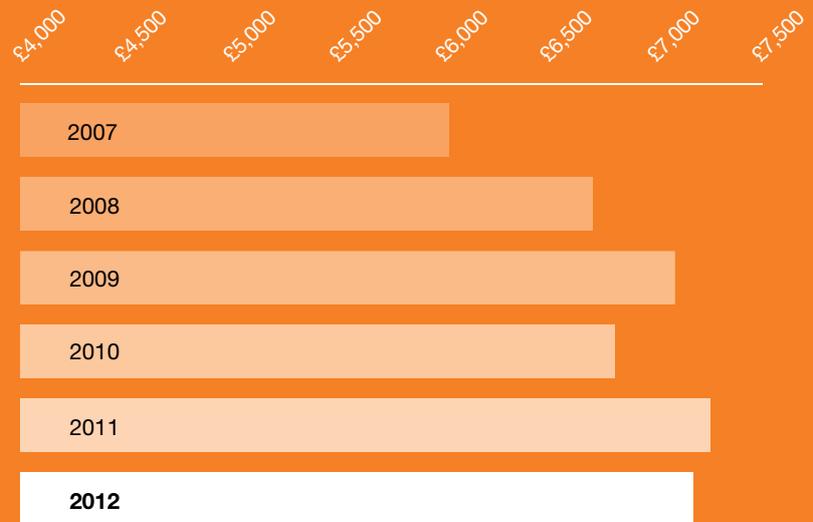
In the following report we outline our principal findings including:

- This year's headline figures for the cost of dying
- What motivates individuals to take responsibility for their own funeral
- What plans for funeral costs individuals make and why
- What happens when individuals do not make plans for their funeral costs

Changes to The Cost of Dying

The average cost of dying in the UK in 2012 is £7,114*.

Changes to the cost of dying 2007-2012



SOURCE: Sun Life Direct Cost of Dying Survey 2012

These figures are a combination of non-discretionary funeral costs, discretionary funeral costs and estate administration costs.

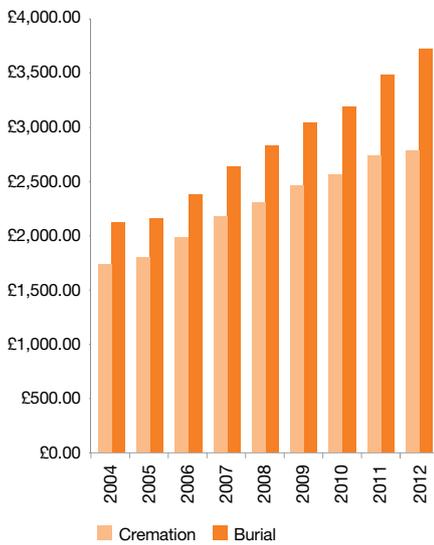
* This is the total average cost of assuming that all services are used - see pages 11 and 12 for details of these services.

NON-DISCRETIONARY COSTS

These are costs incurred to a varying degree for every death and include:

Increased by £193 to £3,284

UK National Average Funeral Pricing 2004 - 2012



SOURCE:
The Sun Life Direct
Cost of Dying Survey, 2012

<ul style="list-style-type: none"> Funeral director's costs 	<p>Increased by 5.3% in the last 12 months. As with last year we believe the factors driving rising costs include increased service provision, increasing bad debt, rise in wholesale energy, a difficult investment environment and a low death rate.</p>
<ul style="list-style-type: none"> Doctor's fees for certification 	<p>Increased by 3.4% - having remained static for 2 years.</p>
<ul style="list-style-type: none"> Fees for a religious or secular service 	<p>Increased by 1% in the last 12 months. We anticipate that fees will rise more significantly in the future. For example, Church of England fees are due to increase by 57% in January 2013.⁵</p>
<ul style="list-style-type: none"> Burial or cremation fees 	<p>Cremations - Increased by 6.6% "Many crematoria have introduced an environmental surcharge designed to help meet the high cost of installing filtration equipment in order to meet with environmental legislation. The cremation movement has estimated that compliance with legislation will cost approximately £45 per cremation, which can represent a 7 to 10% increase in the cremation fee."</p> <p>Burial - Increased by 9.6% "Many local authority cemetery services are subsidised which for some may now be coming untenable, bearing in mind the cuts that we are seeing to many other local services nationally. The unsustainable nature of cemeteries and shortage of new burial space in some areas has also led to fee increases which is particularly noticeable in our cities. The lack of government action in modernising burial law and the introduction of the reuse of old, abandoned graves will inevitably force higher fees in more areas as available burial space further diminishes."</p> <p>Comments on cremation and burial fees provided by Tim Morris, Chief Executive, Institute of Cemetery & Crematorium Management</p>

SOURCE:

⁵ Church of England

DISCRETIONARY FUNERAL COSTS

Increased by £59 to £1,923

Consumers can choose if and how much they want to spend and include:

- Death and funeral notices
- Flowers
- Order sheets
- Limousines
- Catering for the wake
- Venue hire
- Memorial

ESTATE ADMINISTRATION COSTS

Decreased by £385 to £1,907

Includes:

- A discretionary cost of using professional services to wind up the estate of the deceased

“It is surprising that the average spend has seen such a sharp fall but we believe this may be reflective of an increasingly competitive marketplace. The offer of assistance with Probate and Estate Administration is now often linked to arranging a funeral or notifying a financial institution of the death of a loved one. We believe that quotes are given and that consumers are shopping around with some firms having to ‘undercut’ earlier quotes to secure the business. There has also been increased press coverage, which in turn has raised consumer awareness, of the perceived high costs of Probate and Estate Administration. Many firms and organisations offering these services have had to review and justify their fee structures.”

Gillian Coverley, Partner, Irwin Mitchell.

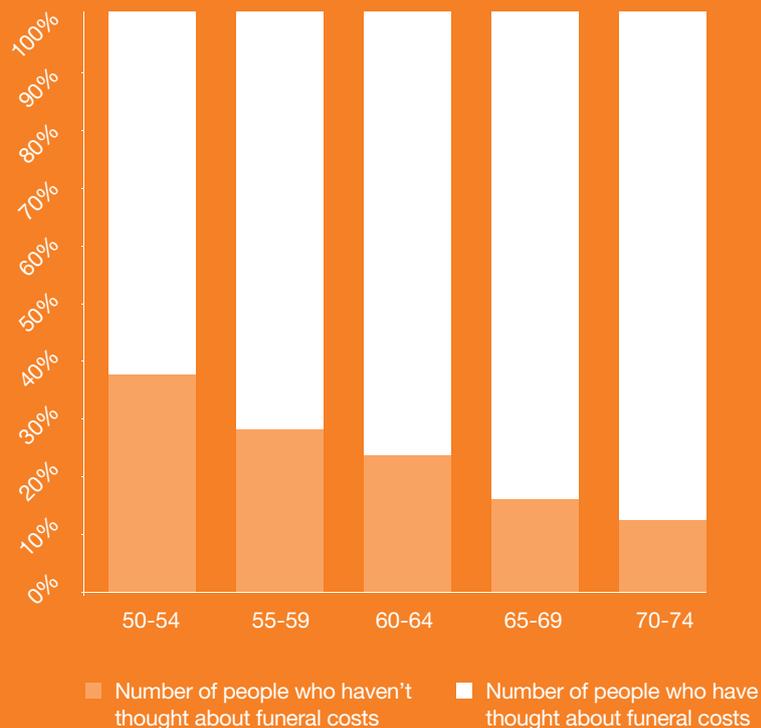
Taking responsibility

At a time of economic instability, understanding what makes individuals take responsibility for their finances and future planning has never been more pressing.

Be it in evaluating individual decision-making or attitudes towards welfare, citizenship or social equality, questions about how much an individual is responsible for their own life choices are connected to much deeper social and political concerns about self-determination, empowerment, entitlement and dependency.

Questions about an individual's responsibility rarely make it into discussions about funeral costs. Yet we know that the cost of an average funeral continues to soar and is moving beyond the reach of a growing number of people, who could end up having to rely on their family and friends, or the state, to step in.

The research this year shows that 73% of our 50 plus, C2DE respondents have thought about how they will pay for their own funeral. Of the 27% that had not thought about how their funeral would be funded, age was a factor.



Far from shirking from the issue of their own funeral, the majority of our respondents indicated a desire to put a plan into place for their funeral costs.

Decisions to make sure that funeral costs are covered are closely intertwined with feelings of obligation towards family and friends.

Of those that have thought about how they will pay for their own funeral, far from shirking from the issue, the majority indicated a desire to put a plan into place for their funeral costs. Echoing last year's findings, one of the reasons for putting a plan into place is not wanting to be a burden on others. 65% agreed with the statement 'I want to make sure that arrangements are in place so my family and friends don't have to worry about my funeral.'

👍👍 *I don't want my girls to have to deal with the upset and stress of trying to pay the extortionate amount a funeral costs.* 🗨️

Female, 52

A selflessness in protecting family and friends from bearing the cost of the funeral was complemented in the survey this year by a strong sense of trust in family and friends to carry out funeral wishes. 72% of respondents indicated that they would trust their family and friends to give them a good send off. This was accompanied by a satisfaction in leaving only positive memories behind.

👍👍 *I have thought a lot about my funeral as I would particularly like it to be as cheerful as possible and concentrate on hopefully happy memories people will have of me.* 🗨️

Male, 69

Decisions to make sure that funeral costs are covered are closely intertwined with feelings of obligation towards family and friends.

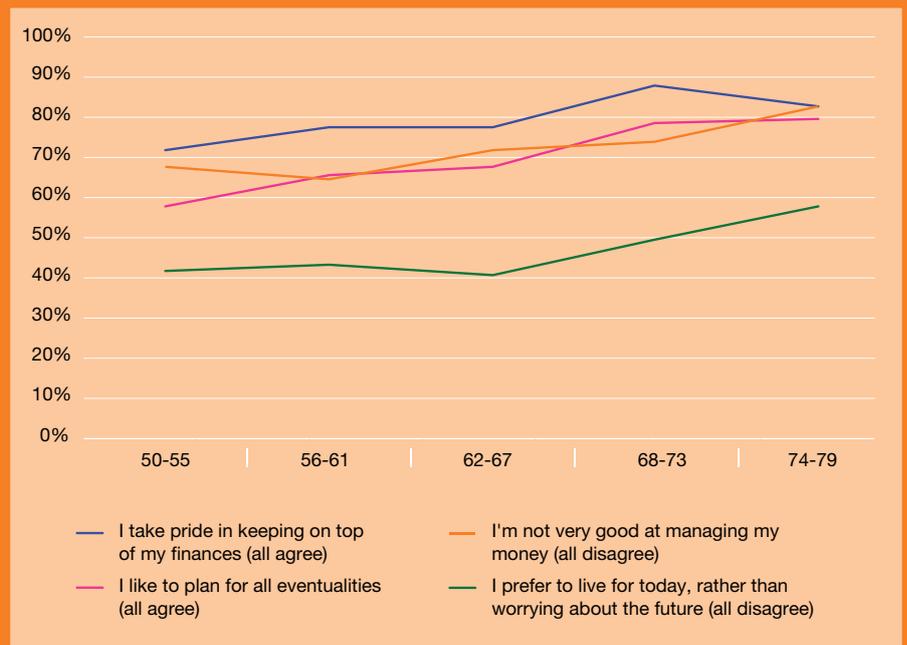
What motivates people?

There are a number of factors that motivate individuals to take responsibility. These include pride, not wanting to be a burden, financial worries and the desire to create certainty.

Pride

Overall, our research indicated that for many people there was an element of pride in taking responsibility for their own finances and planning ahead. This sense of pride rises with age.

With age comes responsibility



The desire to take control of one's finances and plan for the future is consistent with last year's findings, where organising finances was regarded as empowering for many people.

Worries associated with finances appear to be an influential factor when it comes to take responsibility for one's own funeral costs.

Not wanting to be a burden

For those people that told us that they have plans to cover funeral costs, the wish to not be a burden on those left behind was often a primary motivator. The desire to put a plan into place suggests that many people have a sense of duty to their family and friends to make the immediate aftermath following their death as trouble-free as possible.

“From a purely financial point of view I think it is important to plan ahead so as not to leave an added burden on those left behind who are presumably upset and will not want the trouble of sorting out who is going to fund the funeral.”

Male, 69

Having to make financial decisions when newly bereaved can be difficult. For those people that do not want to be a burden making plans to cover funeral costs can go some way to knowing that they are relieving pressure at a time of distress for those they leave behind.

“Talking more openly about dying, death and bereavement with those that matter to us and setting out our end of life wishes in a clear plan can make a real difference and provide enormous comfort to our loved ones. Recent research for Dying Matters has shown that the majority of people agree that we are more likely to get wishes met if we all put our own house in order and we do not leave a mess for those we leave behind: the challenge now is to make this a reality and not leave it too late to make our future plans.”

Eve Richardson, Chief Executive of the Dying Matters Coalition and the National Council for Palliative Care.

In an age of economic instability and uncertainty regarding employment, pensions and care costs, knowing that there is some arrangement in place to ensure that the cost of the funeral can be covered can be reassuring.

Financial and personal worries

Worries associated with finances appear to be an influential factor when it comes to taking responsibility for one's own funeral costs. 19% agreed that if they did not plan they would worry about there being enough money to cover the cost of their funeral. This anxiety was more pronounced for women.

In addition, as we saw in our survey last year, there are a number of life events or triggers that may stimulate people to actively put plans in place to cover their funeral costs. For example, our findings this year show 9% of respondents indicated that a previous experience of a family member or friend's death had been a motivating factor.

Creating certainty in an uncertain world

Of those people that have put plans in place to cover their funeral costs, knowing that everything is 'in order' was a motivating factor for 34% of respondents. 26% of respondents agreed with the statement, 'I want to have control over what happens when I die'. The wish to control what happens was more pronounced for those aged 68 years and over.

👍👍 *Planning for my funeral is important to me because I want it to be the way I want it.* 🗨️

Female, 54

Arguably, the peace of mind that can accompany the knowledge that plans are in place to cover the cost of a funeral is about creating an element of certainty in life. In an age of economic instability and uncertainty regarding employment, pensions and care costs, knowing that there is some arrangement in place to ensure that the cost of the funeral can be covered can be reassuring.

A truly selfless act

The 'stages of grief' have been well documented by psychologists⁶, but it is also well-known that in the face of additional pressures, and in failing to cope adequately, these stages can become 'complicated' and lead to years of mental and emotional struggle.

For many people, the death of a loved one is the first time that they as an individual think about the emotional and spiritual impact of death, and confront the reality of their own eventual ending. It is one thing intellectually to acknowledge the finite nature of human lives; it is another entirely to translate that into a personal realisation.

That personal realisation, and the ending of a life, is very much a 'life stage', even for the person dying – and definitely for the family members left behind. Grieving relatives must come to terms with difficult emotions such as loss, anger, confusion and regret, and with the fact of their own mortality. They may ask profound questions about their priorities, the direction life has taken thus far, their relationships, even questions about the ultimate 'meaning of it all'. Like most life stages, though, it is one we tend to go into emotionally unprepared, and the journey through is often a turbulent one.

Most people have, throughout their lives, sought to shelter their loved ones from the 'sharp and sided hail'⁷ of life. Parents have nurtured their children, spouses have loyally protected one another, siblings have been a friend and support when emotional slings and arrows have been launched in their family's direction. We take a pride in the shared journey, glad to be there when someone needs us, finding it fulfilling and affirming, for us and for them.

It is, therefore, entirely natural to wish to protect those closest this one last time. When we die we cannot expect to shield our family from grief. In fact, so much of a person's maturity, wisdom and resilience grows out of times of trouble and sorrow that to not experience it is, somehow, life limiting in itself. But what we do wish, surely, is that the life stage of grieving should proceed as smoothly and in as an uncomplicated a manner as possible.

Preparing for our death and providing for our funeral can be a gift to our loved ones which will support them through the upheaval into a new kind of life without us. Once again we can take pride: this time in the knowledge that the final steps of the journey are also being shared and, yes, even fulfilling. Conversations with our nearest and dearest, rifts healed, slights forgiven; readings selected, a burial plot reserved or favourite music recorded; money saved and arrangements confirmed, these can all play a part as acts of nurturing and supporting those we love, perhaps when they will need it the most.

SOURCE:

⁶ Kübler-Ross, E. (1969) *On Death and Dying* London: Routledge

⁷ Quote from 'Heaven-Haven' by Gerard Manley Hopkins' (1918)



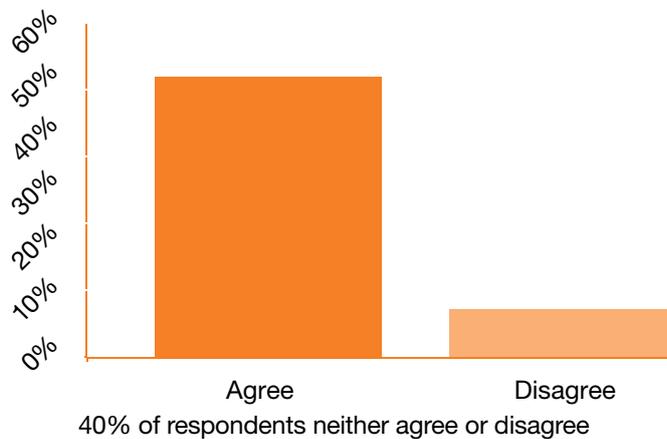
*The Reverend Sharon Grenham-Toze,
Chaplain of HMP Bedford*

What do people want from these plans?

51% of respondents said they only ever buy simple and easy to understand products.

In terms of making plans to cover funeral costs, one of the clear messages to emerge from the research is a preference for simplicity and security. This desire for simplicity and security can be seen in the 51% of respondents who said they only ever buy simple and easy to understand products.

I only ever buy simple, easy-to-understand financial products



One of the key motivating factors for making plans for funeral costs is establishing certainty.

Simplicity

The preference for uncomplicated services and products is to be expected when considering the complexity of many peoples' financial arrangements. Issues regarding home ownership, tax, and pensions can be confusing, difficult to understand and can require the services of a trained professional to be managed efficiently.

In our survey this year, a wish for simplicity was matched by a general suspicion of financial service providers. Echoing findings from last year, 44% of respondents said they did not trust financial service providers to treat customers fairly. In view of recent highly public criticisms of certain sectors of the financial services industry this is unsurprising.

Security

As already noted one of the key motivating factors for making plans for funeral costs is establishing certainty. In light of soaring funeral costs obtaining some peace of mind in knowing that at least part of the cost is covered is to be expected. In an uncertain economic climate the need for some security at the end of life can provide reassurance.

For those that make some form of financial plan for their funeral costs what differs between individuals is the method they use to achieve some security, be it through savings, taking out a pre-paid funeral plan, or purchasing insurance.

What do people do?

When it comes to meeting the cost of their own funeral, 29% of those respondents who had thought about it told us they would rely on their estate. A larger number of individuals (50%) had made plans to cover their funeral costs. What we wanted to find out was why they had made a plan, and the differences between the groups of people who are actively putting plans into place.

There are a number of options open to individuals when it comes to making plans to cover the cost of a funeral.

Savings	Consists of building up or relying on having sufficient saved funds and investments.
Over 50s plan/other insurance	If life assurance is used it will typically be a whole of life plan. Guaranteed acceptance products, often referred to as 'over 50 plans', account for 96% ⁸ of the market. These predominantly provide a fixed payment with no medical questions on application.
Pre-paid funeral plan	A plan is typically a one-off purchase paid directly to a funeral director, saving the family from having to pay all or some of the funeral costs, or having to choose a funeral provider.

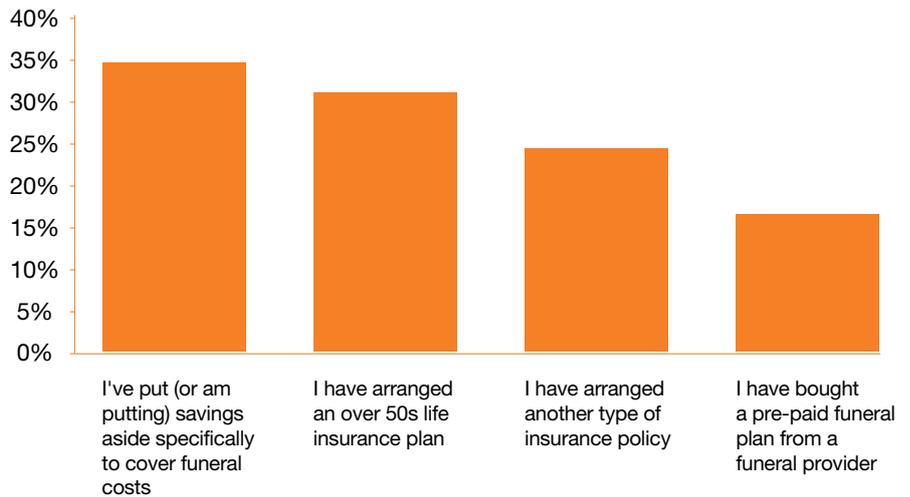
Of those who told us they had made plans to cover the cost of their funeral, 34% of respondents had ear-marked savings for their funeral. 31% had taken out an over 50s insurance plan. A further 24% had taken out another type of insurance policy, and 16% had purchased a pre-paid funeral plan from a funeral provider.

SOURCE:

⁸ Swiss Re Term & Health Watch 2012

People make a conscious decision when it comes to deciding which option for meeting their funeral costs best suits their needs.

Steps taken to help meet funeral costs

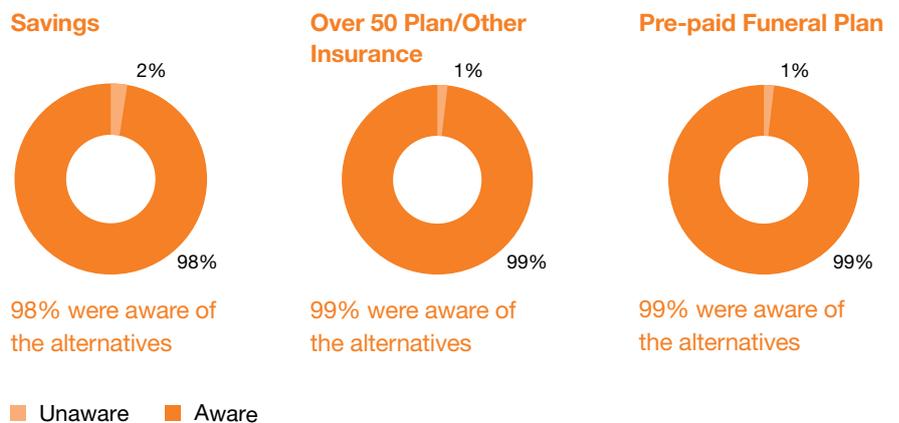


Our data suggests that people make a conscious decision when it comes to deciding which option for meeting their funeral costs best suits their needs.

Key to this decision is the individual's preference for simplicity, certainty and affordability.

Among all those who had taken some action with regards to financing their own funeral, a very small number of individuals indicated that they had made their choice because they were unaware of any other alternatives.

Far from being unacquainted with the options available for planning for a funeral, the overwhelming majority of respondents are informed and aware of the range of options and products available.



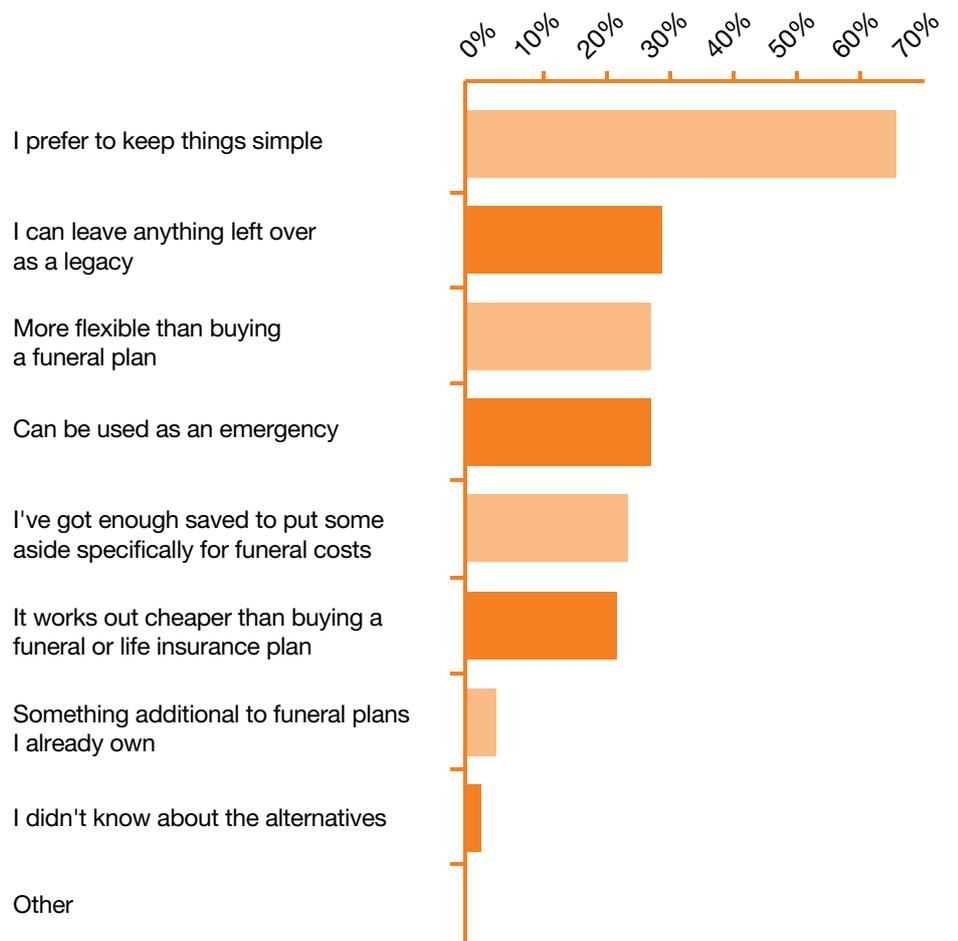
These figures suggest that far from being unacquainted with the options available for planning for a funeral, the overwhelming majority of respondents are informed and aware of the range of options and products available. Deciding on which to take depends on a range of factors linked to an individual's preference for flexibility or discipline, the straightforwardness of the option or product, and affordability.

Savings

Out of the choices available putting money aside is the simplest option. The key reason respondents identified for relying on savings to meet funeral costs was that it was the easiest approach. 65% of respondents who stated that saving was their method of paying for their own funeral agreed with the statement, 'I prefer to keep things as simple as possible'.

Beyond the wish for simplicity the flexibility of savings was a factor for 28% of our respondents who indicated that the appeal of saving was that after the deduction of funeral costs the remainder could be used as a legacy, and 27% agreeing with the statement 'It means I can dip into savings in an emergency'.

Why did you choose to put savings aside to pay for funeral costs?



The flexibility of saving can be a paradox.

There is no doubt that simply withdrawing money from a savings account is a straightforward option for those people that prefer simplicity. The flexibility of saving can be a paradox however; on the one hand, putting money aside for funeral costs means that it could be used as an emergency fund for other services should the need arise, on the other hand this ability to 'dip into' savings means it lacks protection.

However, increasing longevity means that savings built up during working lives must be stretched over longer periods and it may be harder to protect monies initially ear-marked to pay for funerals. For both older people and people who die earlier in life, the period leading up to death may be a time of ill-health or disability, with economic consequences that affect the amount of money that is left in private savings.

Findings from a recent study of the financial implications of a partner's death (Corden, Hirst and Nice 2008)⁹ show how, during the years preceding the death, there were often financial difficulties associated with the partner's illness and gradual deterioration. That study showed how among younger groups, increasing frailty led to withdrawal from paid employment followed, for some, by their partner taking time away from the labour market to provide care at home. The drops in earnings could put an end to saving and, indeed, mean drawing on savings to meet living costs.

For people of all ages, there are often additional expenses at the end of life. Many examples were described by the surviving partners interviewed in the research by Corden et al (2008). Paying contributions to charges for social care or nursing at home, or day care provision, had made big inroads into some couple's savings. Bathroom adaptations, stair lifts, adapted cars and motorised scooters were sometimes needed for long periods, and most people had to make some contribution to costs, or meet all the expense privately. Costs of travelling, such as going to hospital to attend regular clinics, could be high. At home, additional expenses included new beds and mattresses, extra bedding and incontinence supplies. Some people bought equipment such as air purifiers, humidifiers, fans and food liquidisers. Household utility bills often rose, with need for extra heating, greater use of telephone, and increased electricity consumption to power washing machines and medical equipment. Food and drink supplements were often needed towards the end of life, and there was greater use of convenience foods by partners providing care or visiting hospital, leading to higher spending on food.

SOURCE:

⁹ Corden, Hirst and Nice (2008) *The Financial Implications of the Death of a Partner* (York: Social Policy Unit, University of York)

In addition, we know from the ongoing national debate on end-of-life care that those with sufficient assets to pay for residential or nursing home fees will only sell their homes as a last resort, using all other resources available beforehand, including their savings.

“Nationwide customers save for many different reasons. Having savings in the background provides them with a safety blanket for life’s emergencies. Savings accounts are a simple solution, so it’s not a surprise to see a large number of people within this survey choosing to save towards funeral expenses.

Savings also provide flexibility; people can stop putting money aside when times are hard and dip into them if needed. We know that for some customers creating and maintaining a rainy day fund is hard to manage, and they may reach a point when they want a more disciplined approach to achieve their financial goals. We believe it’s important to have multiple solutions to meet the needs of customers whatever their circumstances.”

Guy Simmonds, Head of Product, Protection & Investments, Nationwide Building Society

Of all individuals that have purchased a plan to cover their funeral costs, 32% chose a product because the money could not be accessed.

Certainly, relying on savings to cover unexpected events can be desirable, whether it be to pay for a medical bill, repair a boiler or cover the costs of a funeral. However, where 36% of consumers aged over 50 and C2DE demographic have less than £500 saved¹⁰ it may start to explain why some individuals look for different options when it comes to putting money aside.

Indeed, the appeal of the ability to dip into savings contradicted respondents who have taken out other products, where the ability to ring-fence funds and not be able or tempted to use the money for other things was a key motivator. Of all individuals that have purchased a plan to cover their funeral costs, 32% chose a product because the money could not be accessed. Individuals clearly need to realise that with a pure insurance product they will reap any benefits only as long as the policy premiums are paid, but the small numbers who have made a product choice without considering the alternatives (as we illustrated earlier on page 22, 2% or less of our respondents said they chose an option because they were unaware of alternatives) suggests that individuals are aware that product features, benefits and conditions vary.

What is more, when the results of the survey are analysed we find that people who have considered the alternatives display different characteristics. Appealing factors include the desire for certainty, protection prior to death, and discipline in either committing to monthly payments or paying a one-off lump sum.

SOURCES:

¹⁰ Mintel Consumers, Saving and Investing - UK - January 2012

The affordability of the product is important for those people who take out insurance.

The certainty of a payout and the simplicity of the product are motives for taking out an insurance policy.

Over 50s plans/other insurance

One of the alternative products to saving is over 50 plans and other types of insurance. Some parts of the media disapprove of these products, despite the fact they fulfil a genuine need for many people. Our survey found that some respondents also echoed this sentiment:

“Over 50s plans are not too bad for the purpose of, as in this case, funeral expenses but if you think you are going to live for a long time I think they may work out quite expensive.”

Male, 69

The providers of these products disagree. The nature of insurance such as over 50 plans is the pooling of risk, with some people paying in more as they live longer, who then subsidise those who die in the earlier years of their plan. As with all insurance products, key to the product is that it provides peace of mind.

And there are number of clear reasons why some individuals opt for these products. For 72% of the respondents who have taken out an insurance plan, the cost of the premiums was a key reason for doing so. In other words, the affordability of the product is important for those people who take out insurance.

The reliability of payouts and not having to exercise restraint was the second highest reason for taking out insurance, with 53% of respondents agreeing with the statement ‘It only pays out when I die, so I can’t be tempted to use the money for other things’. The certainty of a payout and the simplicity of the product are motives for taking out an insurance policy.

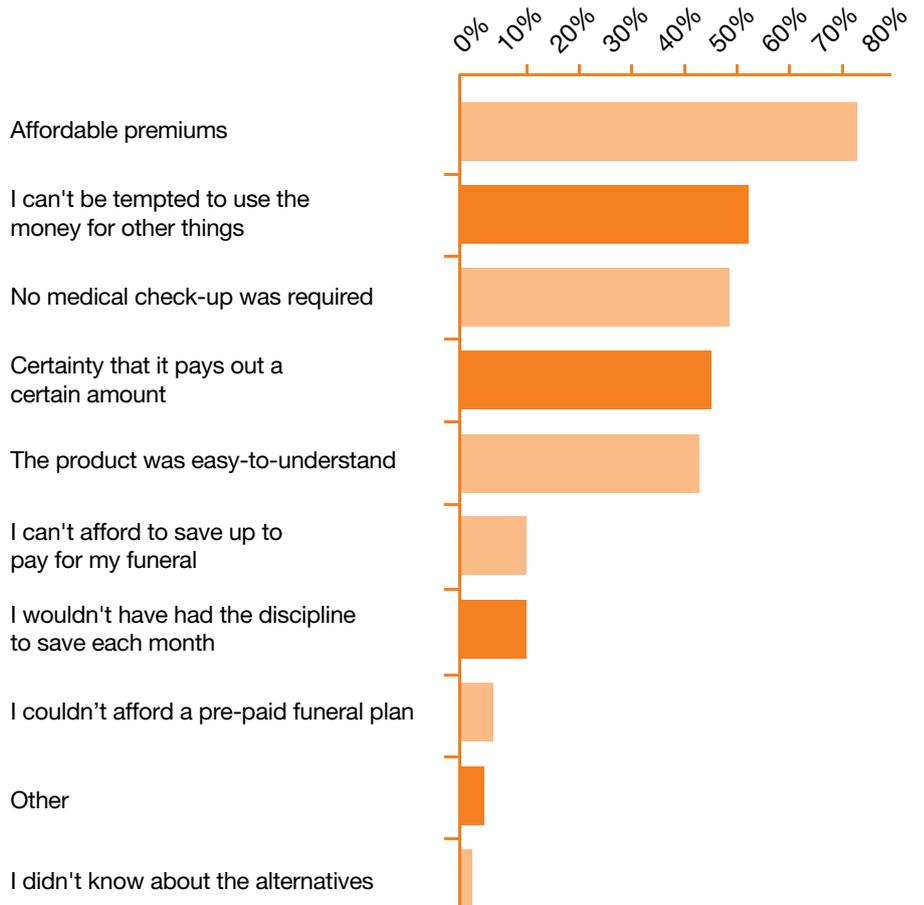
“Our research shows that consumers find many financial services products complicated and the language used confusing. They rarely seek out products unless there is a “trigger”. Even then, complexity can put them off.

Over 50s plans overcome many of these barriers. There is the powerful emotional pull of easing the financial burden on loved ones. No one is immortal so providing for the cost of our own demise is a powerful message of love and kindness to others.

Paying out only on death, over 50s plans are simple to apply for and easy to understand. They are not savings plans and should not be considered as such. In this regard, they go back to the very fundamentals of what the insurance industry is all about.”

Ron Wheatcroft, Technical Manager, Swiss RE

What was it about the Over 50s Plan / other insurance policy you bought that made you think it was a good way of funding funeral costs?



Creating some security through a straightforward product may address any worries the individual has about not having enough money to cover their funeral.

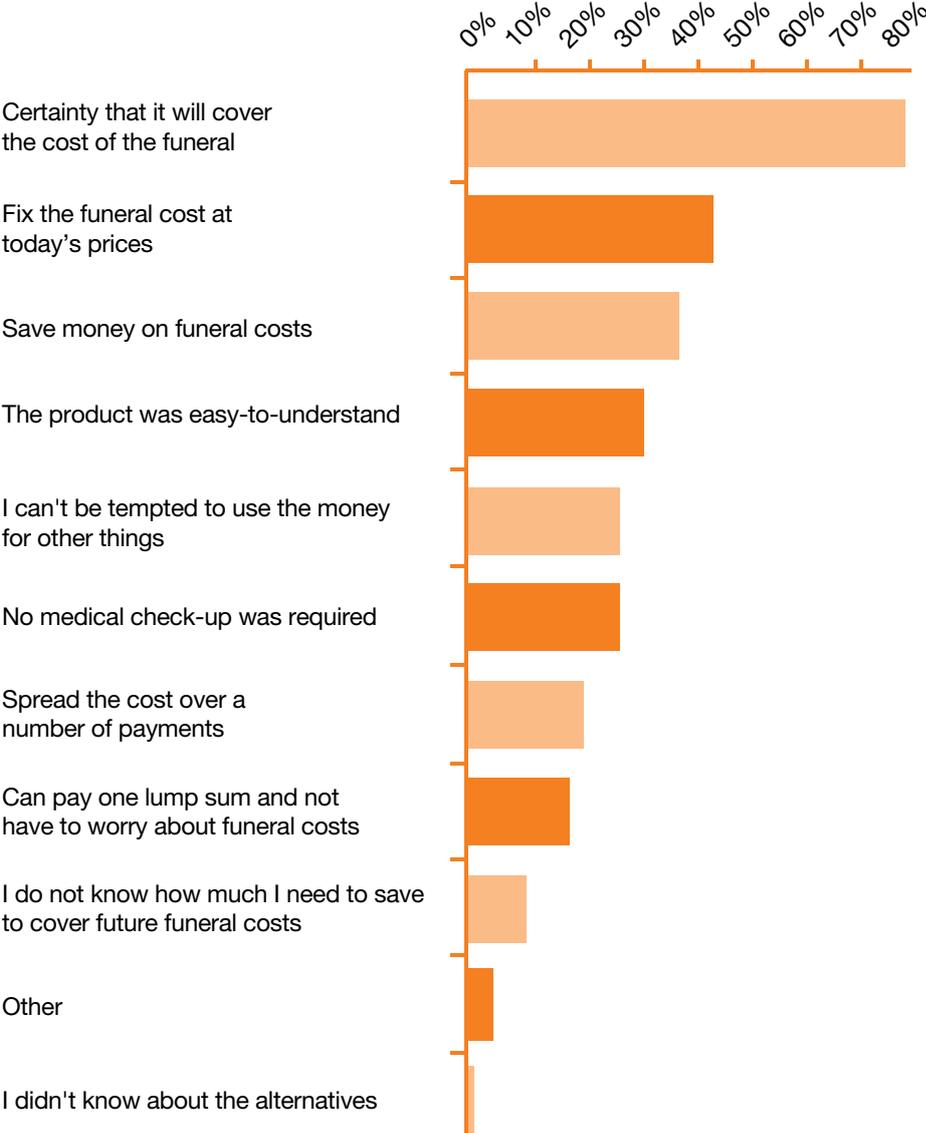
While continuing to pay premiums, the appeal of the certainty of a payout that cannot be accessed prior to death is perhaps unsurprising in light of the current uncertain economic climate. At a time when unanticipated changes in life circumstances may place additional and unexpected pressure on savings, creating some security through a straightforward product may address any worries the individual has about not having enough money to cover their funeral. It may also help foster a sense of satisfaction in knowing that family and friends will not be obliged to meet the cost of the funeral in its entirety.

Importantly, one in ten of those individuals who had taken out an insurance policy said they would not have the discipline to save every month. Committing to monthly premiums may therefore make life easier in terms of having one less thing to think about.

Pre-paid funeral plans

For those respondents who told us they had taken out a pre-paid funeral plan, an important factor for doing so was the certainty that it would cover the cost of the funeral (79%). Similar to the individuals who had purchased an insurance policy, the simplicity and ease of understanding a pre-paid plan was also important, as was the inability to be tempted to use the money for other things.

What was it about the Pre-paid Funeral Plan you bought that made you think it was a good way of funding funeral costs?



The main drawback with these plans is the ability to afford up-front costs whether paid with a one-off lump sum or with monthly instalments. Where affordability is not an issue, fixing funeral costs at today's prices was a factor when deciding to purchase a plan for 42% of respondents.

Pre-paid funeral plans can appeal to those people that take comfort from knowing that the costs are covered and, if desired, their specific funeral wishes are documented. In other words, the burden of costs and arrangements for the event itself can be lifted from family and friends, as long as the individual has the funds to pay for the plan as either a one-off payment or through instalments.

“For those who can afford them, funeral plans are a great idea. It means that once you're gone, your family don't have to do a thing except turn up for your funeral.”

Female, 52

Pre-paid funeral plans may therefore be attractive to those people who pride themselves in being in control of their finances. Through specifying and paying for a specific plan, individuals have a peace of mind knowing that they will get the type of funeral they want.

“It is important that people understand what they are buying with their pre-paid funeral plan and that it is what they want. A plan is a pre-payment for a service to be undertaken in the future. It is imperative that anyone contemplating a plan should be sure they can afford it and avoids any cancellation provisions. In that regard, it is very important to read the Terms & Conditions.

Be aware, a funeral plan is probably one of the few service contracts someone will enter into without expecting to be there when it is implemented, so individuals who take one out need to make sure they do not leave family and friends with an unrealistic expectation. Consumers should also check that the plan provider is registered with the Funeral Planning Authority.”

Stuart Harland, CEO, Funeral Planning Authority.

Other funeral preparations

Beyond the funeral costs, the research suggested that there are two other main actions that individuals undertake: writing a will (62%) and telling family or friends their preference for burial and cremation (55%).

With escalating funeral costs, and particularly burial costs, talking about preferences is not enough however. Individuals need to ensure there are sufficient funds to cover their funeral if they have particular requests, and to make sure their preference for burial or cremation can be afforded. This is especially important if they have a strong preference either way.

The older people get the more they take pride in keeping on top of their finances, as too they wish to not be a burden on family and friends.

What can we learn about the people who plan?

When making decisions about how to cover funeral costs, overall individuals are informed and aware of the options available to them. There are general character differences when it comes to deciding which option to choose, with much depending on whether the individual prefers flexibility to discipline and certainty. In all options the desire for simplicity is a major feature.

What happens to those people that don't plan?

10% said that they had not made any plans for funeral costs because they could not afford to.

In this year's survey there were a considerable number of people who had not put any plan in place for meeting their own funeral costs. In reasons for this, 29% felt that the costs would be met through their estate. A further 8% felt their spouse or family would cover the costs. 10% said that they had not made any plans for funeral costs because they could not afford to.

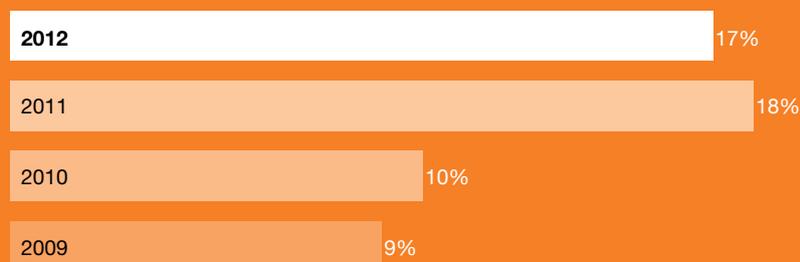
“ I have made no plans to meet the cost of my funeral. I am unable to save at the moment, the way the world is.”

Female, 54

Who struggles?

In the survey of people who had organised a funeral, a significant proportion of respondents had struggled with the cost of the funeral.

Number of people where the costs of funerals caused notable problems or concerns



Funeral poverty has increased 38% over the last 2 years.

This year 17% of respondents struggled to meet funeral costs. If this figure is representative of the approximate 552,000 deaths in the UK every year¹¹, this would suggest over 90,000 people experience difficulties with funeral costs every year.

In terms of how much people struggle, the average funding shortfall amongst our respondents was £1,246. Using this figure we estimate funeral poverty within the UK at £117m. In 2010 we calculated this to be £85m. In other words, funeral poverty has increased 38% over the last 2 years.

SOURCE:

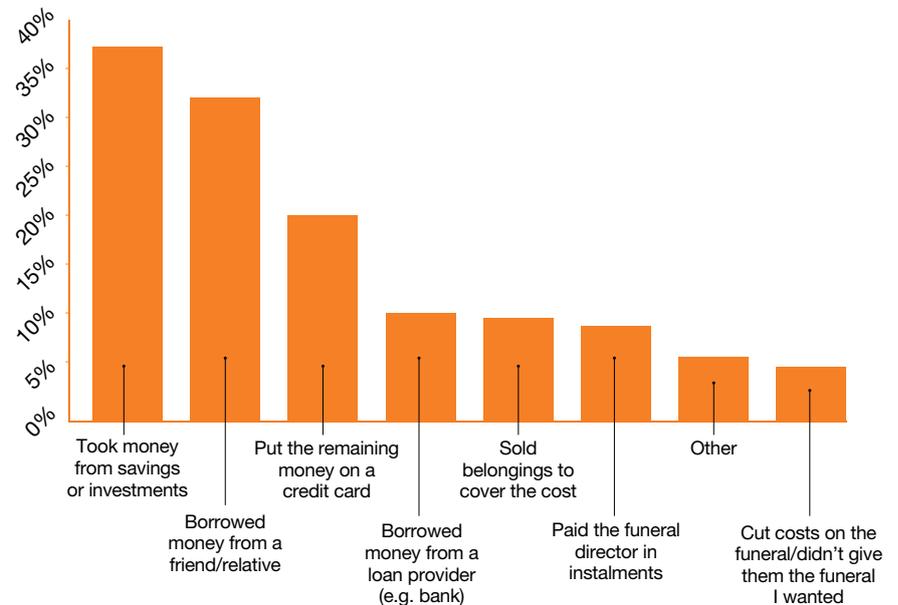
¹¹ ONS

What do people do when they cannot afford a funeral?

Not being able to afford a funeral is an issue that rarely gets discussed in the public domain. Yet our estimates suggest that a great number of people struggle with funeral costs every year. With a projected rising death rate owing to the ageing of the UK population, we can only anticipate this situation to worsen.

We asked those people who had organised a funeral and struggled to cover the cost of the funeral what they did.

Actions taken by those with a shortfall in funding a funeral



The majority of people who struggle to pay for a funeral take on debt to cover the cost.

The majority of people (37%) covered the shortfall through taking money from savings and investments. A further 31% borrowed money from a friend or relative, and 20% put the outstanding balance on their credit card, thereby taking on debt to pay for the funeral. 8% paid the funeral director in instalments and 10% borrowed money from a loan provider such as a bank.

“ I pay things off at £1 per week (to the funeral director). ”

Female, 45-54

Evidently there are a range of options open to people who struggle to pay for someone else's funeral. Our findings suggest that the majority of people who struggle to pay for a funeral are burdened with debt to cover the cost.

Interestingly, within this survey there was limited awareness of financial support for funerals available through the state. The majority of those who struggled with funeral costs were not aware of the Social Fund Funeral Payment, administered by the Department for Work and Pensions. This is an award that individuals in receipt of particular benefits are eligible to claim, and covers the non-discretionary funeral costs plus up to a maximum contribution of £700 towards the funeral. The average award in 2011/2012 was £1,241¹², covering just under 40% of the average cost of a funeral (£3,284).

In 2011 we commissioned the Centre for Death and Society at the University of Bath to conduct independent academic qualitative research into the experience of claiming a Funeral Payment. The findings from the study revealed claimants frustrations encountering a system fraught with complexities.¹³ Much of the difficulty claimants faced owed to their eligibility and a shortfall, meaning that even if successful in their claim they would still owe money to the funeral director.

Finding enough money

One of the more upsetting aspects of not being able to afford a funeral for respondents in the Funeral Payment study was the compromises that needed to be made on the funeral arrangements themselves. Often, respondents would talk about how they had to organise the 'cheapest' funeral they could and how much this distressed them.

“ The funeral is very expensive and it's heart-rending because you've got to go with the cheapest that you can get because there is no other way of paying for it.”

In reflecting on the funeral he had just organised for a family member, one respondent went so far as to say he considered it a 'pauper funeral'.

“ We weren't far short of the pauper funeral. Well I still think to my mind it was a pauper's funeral, because it was negative compared to most funerals that go past you.”

SOURCES:

¹² Annual Report by the Secretary of State for Work and Pensions on the Social Fund 2011/2012.

¹³ Cost of Dying Special Report: "Affording a funeral" Social Fund Funeral Payments

Even though respondents were organising relatively frugal funerals, they would still have an outstanding debt to pay. In terms of finding the money to pay for the funeral costs, and in common with the funeral organiser survey, many respondents who had claimed for a Funeral Payment resorted to borrowing and credit cards, with others selling possessions. Cheeringly, some were able to raise money through fundraising, indicating that within their family and friendship network, and their local community, there was a spirit of solidarity and support at a time of need.

Unfortunately, while there were stories of communities stepping in to help an individual out with funeral costs others were not so lucky, and some had resorted to borrowing money from loan sharks, which added to their stress.

“The findings of this report echo what we hear every day from vulnerable people struggling to afford to organise the funerals of loved ones. At this time of distress they find that the Social Fund Funeral Payment is too often just not meeting the needs of its applicants resulting in immense worry and anxiety, debt and poverty. We really welcome this report by Sun Life Direct. It highlights an extremely important issue. We call on policymakers to act quickly to remedy what seems to be a worsening situation in the current difficult economic context, and with significant reforms to our system of welfare under way. We urge anyone who needs assistance to find help with the costs of organising a funeral to seek advice from their local Citizens Advice Bureaux or go to our website.”

Teresa Perchard, Director of Policy and Advocacy at Citizens Advice
www.adviceguide.org.uk

Feelings of shame

The shame associated with not being able to afford a funeral and having to ask the state to contribute left some respondents distressed and feeling shameful. Several commented on how they felt they were begging for help.

“I felt like I was begging for help.”

Reflecting a historical stigma associated with not being able to pay for a funeral, often attached to ideas about the ‘pauper funeral’, one funeral director commented how “getting into debt to pay for a funeral, there is still quite a social stigma about it. It’s really sad”.

“It’s like you’re begging, like you’re grovelling for money.”

As noted earlier in this report, circumstances towards the end of life can also impact on the availability of money to pay for a funeral. Many of the respondents in the Funeral Payment study had either experienced a change in employment and/or had given up work to care for the person whose funeral they had to fund. In these cases, savings had been drained quickly and by the time the funeral needed to be organised there was very little, if any, money left.

70% of the funeral directors we spoke to this year felt that the Social Fund Funeral Payment is not fit for purpose.

Where does this leave people?

There are considerable implications for all parties concerned when it comes to not being able to afford a funeral, or being rejected for a Funeral Payment.

For the individual, they are left with a potentially significant debt to the funeral director. The funeral director then has to provide the unsecured loan while the individual pays it off. It is perhaps unsurprising therefore that 70% of the funeral directors we spoke to this year felt that the Social Fund Funeral Payment is not fit for purpose.

For the state, there are signs of a growing trend towards individuals turning to the local authority for a Public Health Funeral. These are funerals that a local authority is legally obliged to provide for those people who are unable or unwilling to pay for a funeral. In a Local Government Association survey of local authorities in 2011, 52% of respondents in the study indicated that they had “observed an increase in the number of family or friends unable to contribute to the costs of a funeral over the last three years. Further, 51% have observed an increase in family or friends unwilling to contribute to the costs of a funeral”.¹⁴

Ultimately, the way the system of state support is currently organised means that nearly all the different parties and agencies involved stand to lose out.

Where might we be going?

As funeral costs continue to rise and incomes get squeezed, we can predict that the current struggles people can face when it comes to paying for a funeral are likely to worsen. In such uncertain times it is difficult to predict what will happen for those people in the future that either cannot afford a funeral or rely on the state for a contribution towards the costs. Although beyond the remit of the research for this year, there are a number of issues that we consider are likely to shape funeral costs and funding over the next 5 years and beyond, at a time when the death rate rises due to the ageing of the population.

SOURCE:

¹⁴ See LGA (2011) Public Health Funerals, final report (London: LGA)

State support

As the public spending cutbacks continue state support for funerals will also come under pressure. This could well mean more having to go into debt to pay for the funeral.

👏👏 *We work with recently bereaved, vulnerable people who are already experiencing poverty. People can really struggle to afford the funeral costs and are often unable to raise even the deposit for a cost effective funeral, let alone pay the whole bill. Workers on low incomes who are not able to access state support are particularly vulnerable. Successful Funeral Payment claimants are always left short of the full amount, and are then forced to take on debt to pay for the funeral costs. For many this is not possible due to their already fragile financial situation. Their only option then is to access a Public Health Funeral - a less than ideal but vital safety net in these circumstances.*🗨️🗨️

Shaun Powell, Quaker Social Action

Furthermore, there is the question of where this situation will leave Local Government and Local Health Authorities in terms of their obligation to provide a Public Health Funeral.

Funeral costs

As noted in this report, funeral costs continue to rise well above the rate of inflation. Findings have also suggested that many people are either unaware of or unprepared for the costs involved. The funeral directors who took part this year suggested however that there are signs on the horizon that this situation may begin to change with the use of the internet and specifically price comparison websites.

We asked the funeral directors who took part in the survey this year whether they felt technology would play a part in funeral costs over the next five years. 76% of funeral directors agreed that price comparison websites would become increasingly important.

“ During the last 10 years, the funeral sector has witnessed considerable change, nowhere more so than in the way in which consumers decide upon their choice of funeral director and the funeral service they require. Although a previous experience or personal recommendation of a funeral firm are still the main drivers of customer choice, the internet is becoming increasingly influential when the bereaved have to make a decision on who to use. The public’s use of the search facility on our website has trebled in the last five years and the majority of our members have their own company sites to promote their own services.”

Alan Slater MBE, CEO, National Association of Funeral Directors.

76% of the funeral directors agreed that price comparison websites would become increasingly important.

Through the ability to ‘shop around’ for funerals, it is likely that there will be a growing general awareness of how much components of the funeral cost. Moreover, we can anticipate that tools to compare funeral costs will promote transparency and help those who are looking to purchase a funeral, or plan in advance for funeral costs, be better informed. Enabling individuals to evaluate and contrast different funeral providers can only be of benefit to the consumer.

What remains to be seen however is how much recently bereaved consumers will ‘shop around’ for a funeral. As a result, tools for comparing prices may be better suited to those consumers who are planning in advance for their own funeral, and for raising awareness about the costs involved in arranging a funeral.

Product innovation

How funeral and financial service providers respond to a shifting market whereby increasingly savvy consumers ‘shop around’ for funerals, either in advance or at the point of need, is difficult to predict. There is however likely to be an increase in both the development and sale of innovative products to meet the demands of this market. The success of these will arguably relate to how well they tap into the aforementioned preferences of individuals for discipline and flexibility, as well as simplicity and security. Of course, framing all of these will be the affordability of the products in question.

The consultation into ‘simple’ financial products may have a bearing on future product innovation and strike a chord with our survey respondents who demonstrated a preference for easy to understand products. This independent steering group set up by HM Treasury has been tasked to devise a suite of financial products which would help consumers to better engage with what can be a complex financial services market. Its initial proposals include simple savings products, term life insurance products and an accreditation body with accompanying ‘kite mark’. The final report is due to be published in February 2013.

In an uncertain economic climate, the desire to protect family and friends from the burden of funeral costs is a selfless act and one of which we can feel justifiably proud.

Wanting and taking responsibility

The research this year has shown that overall the majority of people want to, and do, take responsibility for planning for their funeral costs. There are a number of reasons why individuals do so, including pride, creating certainty and not wanting to be a burden.

In an uncertain economic climate, the desire to protect family and friends from the burden of funeral costs is a selfless act and one of which we can feel justifiably proud. Leaving only happy memories behind, rather than debt and distress, matters to most people.

There are a number of options open to people when they decide how their funeral will be funded. When considering which option best suits their needs, individuals make an assessment based on their particular preference for simplicity, security, certainty and affordability. Importantly, far from being unaware of the options open to them, the vast majority of people who took part in this research are knowledgeable and informed, and make a conscious decision about how they will cover their funeral costs. The ability to 'shop around' for funerals through the internet will most likely help promote an even wider general awareness about how much funerals cost and how to prepare in advance.

However there are some serious questions that need to be asked about what happens for those that cannot afford to plan for their own funeral costs. With funeral costs rising above the rate of inflation and state support available remaining static, the family and friends of those who have either not been able or chosen not to plan for their funeral costs will be required to step in. Otherwise, it will fall to the Local Authority to provide a Public Health Funeral. How family, friends and indeed even Local Authorities will find the resources to pay for funerals needs to be considered.

The affordability of funerals is thus evermore pressing in a climate of economic uncertainty, shrinking pension pots and mounting concerns about how care towards the end of life will be funded. While the population ages, funeral costs continue to rise beyond the reach of a growing number of people. Establishing the motivations for planning and the varying preference for products available goes some way to understanding how best to support those who struggle to pay for a funeral.

About the authors

Kate Woodthorpe

Dr Kate Woodthorpe is a lecturer in Sociology at the Centre for Death and Society (CDAS), the University of Bath. CDAS is the UK's only centre devoted to the study and research of social aspects of death, dying and bereavement.

Through her research Kate has worked extensively with funeral and cemetery associations examining the provision of services for people who are dying and bereaved.

Kate has published widely on the cost of death, the material culture of death, and the experience of bereavement. Her research has been featured in the Guardian and the Telegraph, and she has spoken about her field of expertise on Radio 4's 'Thinking Allowed' and 'Today' programme, as well as numerous local radio stations. She has appeared on BBC Breakfast and acted as an academic consultant on two Open University/BBC programmes, Two Feet in the Grave (BBC 1) and The Art of Dying (BBC 4).

Simon Cox

Simon commissioned the first Cost of Dying survey in 2007 as a means of identifying the extent of end of life costs faced by consumers.

Simon regularly contributes to acknowledged independent market reference publications produced by Swiss Re, Mintel and most recently moneyadviceservice.co.uk. He has also been invited to speak on this topic at Dying Matters, Financial Services Forum and The Institute of Cemetery and Crematorium Management Conferences.

In 2011 Simon commissioned Centre for Death and Society at University of Bath to explore the process and experience of applying for a social fund funeral payment. The findings from this research have led to engagement with Parliamentarians including presentations to the All Party parliamentary group for insurance and financial services. In November 2012 Simon will jointly host a Parliamentary Roundtable alongside University of Bath and Citizens Advice to debate funeral costs and the growing issue of funeral poverty and support systems available.

About the contributors

Bob Tyrrell

Bob is a Director of Trajectory Ltd, a trends and strategy consultancy. He was formerly Chairman and Chief Executive of the Henley Centre for Forecasting, Chairman of the think tank Demos and a presenter of the Radio 4 Analysis programme.

Neil Clarke

In 2011 Neil joined Sun Life Direct where he became involved with the 2011 'Cost of Dying' survey. He has been at the forefront of this year's study.

Neil has worked within the financial services industry as a marketing professional for 13 years where he specialises in product development. In addition to his work on the Cost of Dying, Neil is now responsible for the funeral products offered by Sun Life Direct.

Sharon Grenham-Toze

After initially qualifying as a solicitor, Sharon trained for the ministry at Trinity College, Bristol, and was ordained in 1998. Sharon first moved into prison ministry in 2004 and is now the Co-ordinating Chaplain at HMP Bedford. Sharon is a trustee of a resettlement and mentoring charity in Bedfordshire and a member of the St Albans Diocesan Penal Affairs Group.

Sharon also works in broadcasting, providing voiceovers for several international clients. She is a regular presenter of 'Pause for Thought' on BBC Radio 2's 'The Chris Evans Breakfast Show', and various programmes on Radio 4, including 'The Daily Service' and 'Prayer for the Day.' In 2010 Sharon was shortlisted for the Sandford Award and was the winner of the Jerusalem Radio Award, for a Radio 4 'Sunday Worship'. She recently aired a podcast for the Church of England about prison ministry.



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