Should you pay for your funeral now?

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[00:00:09] **Lucia Ariano:** Funerals are stressful and expensive. Even more so perhaps if you don't leave a plan behind. So should you stop paying for yours now. Welcome to Witch Money. Hello, I'm your Hostly Cheer Ariano. And with me today I have Holly Ian from Witch Money. Hello Holly. Hi. And also Simon Cox, the Director of Funeral Solution Expert.

[00:00:30] **Lucia Ariano:** Hello. Hi. Thank you for joining us. Um, I mean, shall we start from, uh, your recent article, Holly? Um, so you've got an article in the most recent issue of the witch mag, and it's looking into the cost of funeral planning. Um, what are your key takeaways, the headlines, um, of the article?

[00:00:47] **Holly Lanyon:** Yeah, so like you said.

[00:00:48] **Holly Lanyon:** Funerals are expensive. Funeral costs are generally on the rise. Um, sun Life estimated the cost of a simple attended funeral to be over four grand in 2024. And for lots of families, if plans haven't been put in pace, they can face unexpected costs and, and that brings kind of additional stress at. What's already a really difficult time.

[00:01:07] **Holly Lanyon:** At the same time in the funeral planning industry, we've seen changes in the last couple of years, so it became regulated in 2022. So we wanted to kind of look at how that's changed the industry for consumers, um, and what the options are if you're looking to, to buy a funeral plan in advance.

[00:01:23] **Lucia Ariano:** And so you mentioned there that funeral costs are at an all time high.

[00:01:25] **Lucia Ariano:** I mean, what kind of impact is that having on consumers? Are, are more people than ever struggling to afford it?

[00:01:32] **Holly Lanyon:** Yeah, so, um, in the Sun Life Cost of Dying Report, they found that one in five families had to find, I think, over two grand to cover unexpected costs. And yeah, obviously that can be a, it's a huge.

[00:01:44] **Holly Lanyon:** Lump of money to find, um, if you weren't expecting to pay it. And yeah, it can, can be really stressful. I think maybe Simon can speak to this as well. I think we're seeing kind of changes in the types of funerals that, that people are choosing to have as well. Mm.

[00:01:57] **Simon Cox:** Yeah. So, yeah. So, uh, people are choosing, uh, different types of funeral.

[00:02:02] **Simon Cox:** Historically, you'd have had, um, uh, Victoriana funeral, uh, hearse, limousine. And a normal service. But now, today, you can have a direct cremation, which is an unattended funeral, uh, where the person that's died is collected. Dec cremated and the ashes are returned to the family. Or actually you can get something in between that now as well.

[00:02:23] **Simon Cox:** So there are things which are, we call 'em hybrid, but they're a little like a committal service where just a close family will attend for 10, 15 minutes or something that looks like a traditional funeral, but doesn't include. Funeral cars or the staff that's involved and actually that can save quite a bit of money.

[00:02:41] **Lucia Ariano:** And so Simon, some people might have money set aside for their funeral. What's the difference between that and having a funeral plan?

[00:02:51] **Simon Cox:** Well, the a difference between say, saving and having a funeral plan is that if you save money, that money is always available. Obviously that's a good thing that if you've saved money, it's always available.

[00:03:02] **Simon Cox:** But equally, that's a double-edged sword because if the boiler breaks down or you need to do a big repair to the car, often not, that's the pot of money that you might go towards and, and then you'd have nothing set aside. So the difference between that and say a funeral plan is the funeral plan meets three core needs for someone it, it meets.

[00:03:23] **Simon Cox:** The financial needs. So obviously the, the money set aside for the funeral itself, the emotional needs. So the big problem that people would have if there's nothing set aside is what did mom or dad want? Mm-hmm. If, if you haven't had that conversation, that can actually cause family arguments. Mm-hmm. Um, so it helps with the emotional side and then the practical side, because when somebody dies, if you haven't done anything, you then have to go through the planning and the arrangements at a time when your head is.

[00:03:52] **Simon Cox:** Basically mush so you can, with a funeral plan, you just make one call and all of the funeral arrangements will kick into action.

[00:04:00] **Lucia Ariano:** And should we talk a little bit more then about some of the, kind of the more practicalities? Um, what about, how does inflation play a part in this? Um, you know, if the costs of the type of funeral you want has gone up, is it affected at all?

[00:04:12] **Simon Cox:** So if, if you buy a funeral planner, essentially what you are doing is you are, you are locking in the price of a funeral in, in today's. Price. So if, if in 20 years when I first started the um, uh, cost of dying at Sun Life, the cost of a funeral of a traditional funeral is 1900 pounds. It's now 4,000 pounds.

[00:04:30] **Lucia Ariano:** Mm.

[00:04:30] **Simon Cox:** If you'd bought a funeral plan, then actually that the risk is passed over to the funeral director. They are promising to deliver those services for what you pay them. Obviously, they will make the money in the interest that, that they've had from you over that period of time.

[00:04:45] **Lucia Ariano:** Mm-hmm. And, and how might you actually pay, you know, um, is could you pay over a certain period of time?

[00:04:52] **Lucia Ariano:** Would you throw caution to, to, to say longer payment plans?

[00:04:56] **Simon Cox:** Yeah. So the, you can pay in lump sums and actually most funeral plans that are bought are paid for in lump sums, but you can spread payment. But beware because depending on the provider that you go with, you may end up paying as much as one or 2000 pounds extra.

[00:05:14] **Simon Cox:** There are some providers where you pay zero interest. So it's worth asking if you are ringing around, which obviously you probably should do, is if I spread my payments, how much extra will I pay? Mm-hmm. Than I would've paid if I paid you in a lump sum. And for some people that will be, it's nothing extra.

[00:05:30] **Simon Cox:** And for others it will be, hmm, gee, it'll be another one. 2000 pounds more.

[00:05:35] **Lucia Ariano:** Mm-hmm. And this is something that, that did pop up in the article, isn't it? The, the different kinds of interests that you might, you might end up paying. Mm-hmm.

[00:05:42] **Holly Lanyon:** Yeah, so obviously lots of plan providers can offer interest fee payment over 12 months, but, um, I think Simon's found evidence of yeah, installments paying up to 18% interest, which obviously over a long time will rack up.

[00:05:55] **Holly Lanyon:** It's costing you far, far more for the same plan.

[00:05:59] **Lucia Ariano:** And in terms of any other risks, what about, you know, the idea of, well, is my money safe with this company? What if the company goes bus, you know, how is there any protection there? Hmm.

[00:06:11] **Holly Lanyon:** So, yeah, so the funeral plan industry became regulated by the Financial Conduct authority in 2022.

[00:06:17] **Holly Lanyon:** Um, so that brought in some really important protection for consumers. So as part of that re regulation, your funeral plan is protected by the FCS scheme, which means, um, your money's protected and you are guaranteed to get a funeral even if the, um. Provider goes bus. I would say make sure if you're looking to buy a funeral plan, um, make sure you're choosing a regulated provider and the FCA have a tool on their website that you can use.

[00:06:45] **Holly Lanyon:** So you put in the name of the firm that you're looking at and, and check that it is regulated.

[00:06:49] **Lucia Ariano:** And are there many firms out there that aren't FCA regulated? I mean, is it always a No-no, just, just kind of, don't, don't even consider going with one of those.

[00:07:00] **Simon Cox:** I think since regulation. Uh, providers that w were maybe near do wells have, have gone.

[00:07:06] **Simon Cox:** So the market is regulated. It's, it's pretty tight. Mm-hmm. Now, so, um, anybody that's selling a funeral plan, yes, it's worth checking, but, uh, actually the, the FA seemed to have driven out the cowboys from the sector, which is a good thing.

[00:07:19] **Lucia Ariano:** Mm-hmm. And should we get into some more numbers then? I know we've, we've mentioned a little bit.

[00:07:23] **Lucia Ariano:** So you mentioned a few different types of funeral. Um, what kind of figure would you be paying for for each of the kind of, you know, most standard types?

[00:07:32] **Simon Cox:** So the, um, tradi, a traditional cremation burial funeral would cost you about 4,100. And that is for, uh, a traditional funeral with a hearse plus one limousine.

[00:07:42] **Simon Cox:** That's the. Most common traditional funeral, or if you go to the other end of the extreme, then a direct cremation will cost somewhere between 1400 pounds and 2000 pounds. An interesting little fact is that, uh, a funeral plan from your independent, local, independent funeral director is likely to be cheaper than the market leader.

[00:08:03] **Simon Cox:** So, um, just it is worth, even if you have a particular funeral director in mind is popping in and seeing whether they have a funeral plan that they can offer. Um, so. That's 1400 pounds to 2000 pounds. But then as I said, there are these two, what we're calling hybrid funeral plans emerging. One, which is this intimate, almost close family, only close family and friends, which typically that'll be about 2000 to 2,500 or something that looks like a traditional funeral.

[00:08:29] **Simon Cox:** So anybody attending one of these probably wouldn't notice the difference. The key difference is no funeral cars. And obviously the staff that go with it, and that's gonna cost between two and a half and 3000 pounds.

[00:08:40] **Lucia Ariano:** Mm. I mean, all these costs, it does seem like a lot, you know, from your experience, are you seeing people, you know, struggling to afford to, to pay for funerals?

[00:08:49] **Simon Cox:** Yeah, I, I think the um, uh, funeral poverty has been. In evidence for a, a number of years, I'd say actually the average funeral costs have not been rising so much. The headline figures that we are seeing repeated don't tend to include the cost say of a direct cremation in there, and I, if you were to include a direct cremation in there, you'd actually see.

[00:09:10] **Simon Cox:** The cost of the average cost of a funeral is actually plateaued, right? And that's probably as a result of regulatory interest. So, w whilst funeral costs had been rising, and that's probably causing more problem, particularly given the cost of living issues that we are all facing. Uh, most recently we've seen the response from the funeral sector and the funeral plan providers of introducing direct cremations and committals and, um, you know, these other hybrid.

[00:09:37] **Simon Cox:** Types of plans. So they're providing, and this is, I think this is what the FCA and the the com, uh, CMA wanted to see is, you know, the provides are offering more competition and offering more, um, different options to suit any kind of budget. So if you think back, back to, uh, to maybe five, six years ago when the cost of a traditional funeral was 4,000 pounds and a direct cremation wasn't available, that's made a big difference to a lot of people.

[00:10:04] **Lucia Ariano:** And if you think you might want to get a funeral plan, um, maybe you don't have the money right now up front. Maybe you think actually in 12 months I'm probably not gonna have enough to to, to pay it off. Would you recommend putting money aside or, you know, what's your advice for people in that situation?

[00:10:21] **Simon Cox:** Say, I Oh yeah. Put, put the money aside because, um, funeral plans over 50 plans, the issue that you would have if you had an over 50 plan and you started paying and you had to stop. You're going to lose everything with a funeral plan. The good thing is if you, if you had to stop, because the new reg regulation, the way plans are structured, you actually can get your money back.

[00:10:42] **Simon Cox:** Lesser cancellation fee. And I, I, I would say if you are looking at a funeral plan, check the cancellation fee because with some plan providers it can be zero and there are a few providers that offer that, but the, typically there are around 250 or 300 pounds, but there are one or two also that have really.

[00:11:00] **Simon Cox:** Really harsh cancellation fees and so you like with anything that if you're going to pay over a period of time, you kind of want to be sure that you are going to be able to continue making those payments. If, if you are worried about that, then it probably better to put the money aside. Until, you know, either you've, you've, you've saved enough or you know, you can continue to pay because you don't want to be in a situation where you are charged a cancellation fee or in and buying over 50.

[00:11:27] **Simon Cox:** You lose everything. And if you are, if you're thinking about funeral plans in particular, you're probably better going for a funeral plan than an over 50. You know, it's, it's. There's no contest between the two. I think now,

[00:11:39] **Lucia Ariano:** and maybe just in a nutshell while we're on it, you know, how would you describe a, an over fifties plan?

[00:11:44] **Simon Cox:** An over fifties plan is basically life assurance where, um, as, as long as you are aged between a certain, between say, 50 and 80 and you can afford to pay a monthly premium, then you can set aside money and you'll be covered for an amount to be paid out. But the big risk with an over 50 plan is that nearly four outta 10 people cancel and.

[00:12:05] **Simon Cox:** Those people that cancel, they're gonna lose all their money. Mm-hmm. So it'd be much better off having a funeral plan. Very good advice

[00:12:11] **Lucia Ariano:** there. Um, and I'd like to just dive into a few more of the details, you know, for finding the right price at the right plan for you. Um, so would you recommend, you've, you've talked about, you know, finding out what your local, uh, funeral director might, might charge.

[00:12:25] **Lucia Ariano:** Would you, can you do this via a comparison website or, you know, how, how do you recommend?

[00:12:30] **Simon Cox:** Sadly not. I, I, I think it's one of, one of the problems post regulation. Um. And the FCA would not allow any commission to be paid. Um, and good reasons for that given its past history in the market. But you can search if you, if you want a funeral plan, if you search funeral plans, you will find obviously the big name providers, whether you know, the, the co-ops of this world, uh, or pure who are the, probably the two largest.

[00:12:56] **Simon Cox:** Um, sellers of funeral plan providers, but it is worth looking around. And if you can find, um, uh, a website that does compare, compare or lease list out the different, uh, companies, that would be helpful. Um, but there are o other organizations that you could go to that will help.

[00:13:14] **Lucia Ariano:** Hmm. I mean, Holly, is there anything that, that you'd add to that, you know, around finding the, the right place, uh, for the right price?

[00:13:22] **Holly Lanyon:** I would just stress, yeah. How important it's to kind of first think about what it is that you want, and then when you're looking at different plans, you really do have to comb through the details to make sure that what you want is included. Um. I found Simon, I dunno if you've found this, it's not really a kind of industry standard of this, this type of plan will definitely include these features and there there are quite a few differences that you need to kind of be aware of.

[00:13:45] **Holly Lanyon:** Um, so yeah, be really clear about what you want and, and kind of comb through the T's and C's of your plan to make sure that that will be covered.

[00:13:53] **Simon Cox:** And I think from a hit hidden extras, uh, is one thing I would mention for direct cremation plans, um, a lot of plans will give you a good price, maybe at outset, but there are a number of hidden extras.

[00:14:05] **Simon Cox:** For example, of collecting the person that's died outside of working hours, collect, collecting the person that's died from their home or a care home might incur, incur an additional cost. Or indeed, returning the ashes might incur an additional cost. So you're absolutely right, Holly. Uh, you need to check the, the detail.

[00:14:23] **Lucia Ariano:** And you mentioned, you know, hidden extras also just generally kind of extras. What would you expect to be included? Or, or, or pretty much never included, you know, like flowers or are there any other things that that. That come to mind.

[00:14:36] **Simon Cox:** So yeah, feudal plans won't include, um, anything to do with the wake, uh, or flowers.

[00:14:42] **Simon Cox:** Um. And also if you have a burial funeral plan, it won't cover the cost of a plot or a headstone. So typically what you are paying for in a traditional funeral plan is the the funeral director, the coffin, the hearse, and a limousine, and looking after the person that's died for a direct cremation, it really is as simple as the person being collected looked after.

[00:15:07] **Simon Cox:** Cremated and the ashes being returned. But as I said, sometimes ashes being returned can be an extra cost.

[00:15:14] **Lucia Ariano:** And is there anything else that you would say you should watch out for? You know, when you're combing through the plans or when you are looking at different funeral directors? Uh, across the board

[00:15:23] **Simon Cox:** with traditional plans.

[00:15:25] **Simon Cox:** Um, plan provides will often say it's guaranteed, but there are things that are called third party costs, and in traditional plans that's paying for the crematorium and the, the minister or celebrant that leads the service. Uh, but there are a number of plans where they'll only give a contribution towards.

[00:15:42] **Simon Cox:** So it's worth checking whether they're guaranteed or not. But for example, there are a number of plans where the contribution is only 1100 pounds, and yet there'll be lots of cremator up and down the country where the charge for a cremator is 1400 pounds, and a typical celebrant will cost about 250 pounds.

[00:15:59] **Simon Cox:** So if you're talking 1,650 pounds versus 11, you are already starting a plan with 550 pounds deficit. I'm surprised the FCA haven't closed that loophole down. Mm.

[00:16:09] **Lucia Ariano:** That does seem like a loophole, doesn't it? Because you think that you're covering yourself, uh, for that. Um, and, and is there anything that, that you would warn us against?

[00:16:17] **Lucia Ariano:** You know, anything, uh, in addition to this?

[00:16:20] **Holly Lanyon:** I think that point that Simon just made is really important. The whole point of buying a funeral plan is you are making your plans in advance and you are putting something in place to, to kinda help your family when that moment comes. So yeah, it's really important to understand.

[00:16:35] **Holly Lanyon:** Is the co, like, is the full cost of the burial cremation covered? Or actually, are my family gonna have to find an extra, well, 500 pound in today's money, maybe much more when the time comes. So making sure that you are aware of that and have had that conversation if necessary, and have also put some other plans in place, I think is really, really crucial.

[00:16:53] **Holly Lanyon:** Uh,

[00:16:54] **Lucia Ariano:** I don't know if we've mentioned state help yet, but we have talked about people not being able to, to afford it. So, you know, is there anything available, uh, from the government, uh, to help in these situations?

[00:17:05] **Simon Cox:** Yeah. The funeral expenses payment, um, in England, Wales, or the funeral support payments in Scotland, um, is there for people who are on, um, benefits that qualify, but that will only pay towards a certain amount.

[00:17:19] **Simon Cox:** Typically, it will. Maybe reach about 2000 pounds without going into the, the detail of it. So, um, it's, it's, it's never, it wouldn't intended to. To pay for all of the funeral costs. So, um, if people are thinking the government will pay and step in, then that's not the case.

[00:17:36] **Lucia Ariano:** Mm. Do you have any advice, uh, around having these conversations?

[00:17:41] **Lucia Ariano:** 'cause it's not really something that you wanna talk to your parents, your grandparents, friends, uh, about, um, what's your advice

[00:17:48] **Holly Lanyon:** here? It's a really good question. I think the whole point of buying a funeral plan is it's really an act of care for, for your loved ones. About making a really stressful time, kind of as easy as possible and, and removing any doubt about what it is that you would want.

[00:18:03] **Holly Lanyon:** So I think framing it in that way, um, could be quite a helpful and kind of gentle way to, to broach a topic that obviously could be quite tough.

[00:18:12] **Lucia Ariano:** Mm-hmm.

[00:18:13] **Simon Cox:** I a hundred percent agree. I, I, I think the, the most important thing is, is, as your question is, is to talk about it. Um, we've done research where we can see the biggest number of complaints relates to where a direct cremation plan has been bought, and perhaps the person that's bought the funeral plan hasn't talked to the family, and that might have.

[00:18:36] **Simon Cox:** Created a conversation within the family of old mum. You don't, you don't wanna have one of those. Well, you know, we'll, we'll want to give you a proper send off. So if you have that conversation, even if you have bought it, at least have the conversation so that. You know, if you, if you bought the plan beforehand, at least you have chance to change your mind and, and most plan providers will be happy to make some allowance for that and, and need to move you on to a different plan or, or what have you.

[00:19:01] **Lucia Ariano:** That's a really good point actually, because I, I suppose that probably is. Quite a, a common occurrence where someone's bought a plan for themselves and a family member or someone close to them actually says, no, I'd like to offer you more to, to do it in a a different way. Is that something that, that comes up a lot?

[00:19:19] **Simon Cox:** You'd have to ask funeral plan providers. I think typically because once somebody has made up their mind, it's, it's a big, it's a big step. You, um, mm-hmm. To actually face into your own mortality and go, I, I I'm doing it as you said it. It's a, it's a decision of care. It's a selfless act to do something like that.

[00:19:37] **Simon Cox:** Um, but people do that and, and they probably just don't want to be a burden and, and they want the peace of mind, so they perhaps put it to one side. But, but I think. You know, it's, it's, if it's following the cultural norm, and, you know, our cultural norm has changed from a, a traditional religious ceremony to more of a celebration of life ceremony.

[00:19:57] **Simon Cox:** But that's, you know, the traditional English funeral today. Um, but by talking to your family or your, your next kin or friends about what you wanted, at least it gives you a chance to go. Actually, I was thinking about doing this, but now I've talked to 'em, I've, I've decided on this instead.

[00:20:16] **Lucia Ariano:** Hmm. Better to have the conversation before you've taken out the plan than after.

[00:20:20] **Lucia Ariano:** Yes. Um, well we've covered a lot of ground, obviously it's a very sensitive topic. Um, but we have covered a lot. Um, just before we wrap up for today, is there anything that you'd like to reiterate or anything we haven't mentioned, um, that, that you'd like our listeners to know? Do you wanna start us off,

[00:20:36] **Simon Cox:** decide what type of funeral that you want.

[00:20:38] **Simon Cox:** Ring round or, or check online for at least two or three different providers and then check for possible extras. So that is if you spread your payments over a longer period of time, you, you don't wanna get caught paying too much extra. Secondly, check, there aren't any hidden extras. Things like returning of the ashes on a direct cremation plan or collecting the person that's died in their own home.

[00:21:00] **Simon Cox:** Um, and then finally check what the cancellation fee is, because if in three, four, or five. Years time, then you don't wanna be stung with a a, a nasty charge.

[00:21:11] **Lucia Ariano:** Thanks Simon and Holly, is there anything you'd like to add to that?

[00:21:14] **Holly Lanyon:** I think Simon's um, yeah, summed it up perfectly. Of course, if anyone is looking for more guidance about how to choose a plan, um, they can head to witch.co uk and see our guide on funeral plans, um, for a bit more information about yeah, how to go about making that decision.

[00:21:28] **Holly Lanyon:** And we

[00:21:29] **Lucia Ariano:** can actually drop a link to that in the description of today's show. Well, thank you both so much for joining us. It's been a really, really important show.

[00:21:37] **Simon Cox:** Thank you. Thank you.

[00:21:42] **Lucia Ariano:** Thanks for listening to this podcast from which the UK's consumer champion. You can find plenty more advice about what we discuss today in the show notes. There you'll also find a link to become a witch member for 50% off the usual price and offer exclusively available to you are podcast listeners joining, which will not only give you our.

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