

# Pre-paid funerals

Funeral directors offer pre-paid funerals because some people wish to give their family the security of knowing that their funeral has already been paid for.

This information sheet may help you to make an informed decision about whether pre-paid funerals are appropriate for you.



## What is a pre-paid funeral?

A pre-paid funeral is where you and a funeral director determine your funeral arrangements and the service that you want. You will be required to sign a contract detailing the arrangements and pay the money in advance.

Some pre-paid funerals can be paid as a lump sum or by instalments over time. Once you have paid, no further costs should be involved. You should receive the service you arranged and paid for, even if you don't need it for many years to come.

The money you pay to the funeral director is invested and should be protected against inflation.

Ask about the conditions which apply to your contract as these may differ from company to company.

If you are arranging a pre-paid funeral on behalf of someone who is incapacitated or who has a disability there are certain legal requirements. For example, the funeral director must sight the Power of Attorney, which must be held by the person arranging the funeral.

## Contract details

Make sure you read and understand your contract before signing and, if necessary, get independent legal advice.

The contract must include: date of the contract; details of the funeral director and investment manager; where the service is to take place; an itemised list of costs and other various details such as funeral notices and floral arrangements; the total cost of the funeral; if and how the contract can be cancelled.

The contract must set out the financial and other arrangements that will apply if the funeral director is not able to supply the agreed service (for example, if they go out of business).

All contracts (even those described as 'standard') can be altered by you and the funeral director through negotiation. Make sure all changes are recorded in writing.

The funeral director must give you a copy of the contract once signed. Keep it in a safe place (e.g. with the original copy of your Will). You or members of your family may need to refer to it in the future.

## What funeral directors must do

Funeral directors are required to safeguard your investment by:

- Giving you a fixed price, as specified in the contract
- Investing your money with an approved investment manager.

If stated in the contract, the funeral director can retain a portion, but only to cover expenses that will apply before you pass away, such as the right to a cemetery plot.

## After you pay

When you pay the funeral director for your pre-paid funeral, the director must forward the money to an approved investment manager within seven days.

The investment manager must invest the money in an approved investment within 28 days of receiving the money. The investment manager must provide written notice to you and the funeral director. The written notice should specify:

- name of the approved investment manager, the funeral director and the recipient
- your name (if you are arranging the funeral on behalf of someone else)
- amount received, amount invested, expenses and the amount of commission paid
- the form of the investment.

The approved investment manager holding your money should:

- Guarantee that no funds can be withdrawn by the funeral director until the funeral takes place
- Ensure that your funds are safeguarded even if the funeral company has gone out of business.

## For more information:

Consumer and Business Services  
Customer Service Centre  
91 Grenfell Street  
Adelaide SA 5000  
Tel: 131 882  
[cbs.sa.gov.au](http://cbs.sa.gov.au)

Pre-paid funerals are governed by the *Fair Trading Act 1987*. You can read more about them in the *Fair Trading (Pre-paid Funerals Industry Code of Practice) Regulations 2011*.