



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.

If you buy a pre-paid funeral, how is your money protected? Will your funeral service be what you 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 either 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.

Many people who arrange a pre-paid funeral do so on behalf of someone who is incapacitated or who has a disability. There is legislation which outlines certain requirements in relation to this situation (for example, the funeral director has to sight the Power of Attorney, which must be held by the person arranging the funeral). Please contact the Office of Consumer and Business Affairs for further information.

Before you sign the contract

Before you sign anything, remember the basic rules about entering into a contract.

- Make sure you read and understand your contract and, if necessary, get independent legal advice.
- The contract must include investment manager details; the names and addresses of both parties; where the service is to take place; an itemised list of costs and other various details such as funeral notices and floral arrangements.
- All contracts (even those described as 'standard') can be altered by you and the funeral director through negotiation.
- Get a copy of the contract – at the time of signing, if possible.
- Keep a copy of your contract in a safe place. Store it 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;
- guaranteeing to supply the funeral even if the financial institution holding the funds has gone out of business.

After you pay – what then?

When you pay the funeral director for your pre-paid funeral, he or she has seven days in which to forward the money to an approved investment manager. The investment manager must invest the money in an approved investment and provide written notice to you and the funeral director. The written notice should specify the name of the funeral director; your name (if you are arranging the funeral on behalf of someone else); the name of the recipient; the amount received; the name of the approved investment manager; the expenses and the amount of commission paid; the amount invested; and particulars of the form of 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;
- guarantee that the service will be conducted to your exact specifications;
- ensure that your funds are safeguarded even if the funeral company has gone out of business.

Other related information sheets:

- Be a wise shopper
- What to do when things go wrong

Further information:

For further advice about your consumer rights and how the laws protect you, please contact the Office of Consumer and Business Affairs. Telephone 8204 9777 (or 131 882 for country callers).

Pre-paid funerals are governed by the Fair Trading Act so you can read more about them in the Fair Trading (Pre-paid Funerals Code of Practice) Regulations 1996.

Please visit our website at www.ocba.sa.gov.au

The information provided on this sheet is of a general nature only and should not be regarded as a substitute for professional advice and/or reference to the appropriate legislation.