

The **POWER** of ATTORNEY PROJECT

What You Need to Know about Funeral Preplanning but Were Afraid to Ask

Welcome to the Power of Attorney Podcast which is part of our Conversations that Matter Podcasts. My name is Mary Bart, Chair of Caregiving Matters. This podcast is intended to provide general information only and is not intended to be a substitute for seeking personalized legal, financial or other advice. This podcast raises issues that our audience can further explore on their own in their own local communities with their own local experts. This project will help to be a call to action for families to solve their issues, find solutions to their problems, and have greater peace of mind.

Mary- Our guest expert today is Kat Downey. She is a funeral director and she is founder and owner of a company called Legacy Matters. Welcome Kat and thank you for joining our project.

Kat- Hi Mary. Thank you very much for the opportunity. I do really appreciate that and congratulations on getting this off the ground.

Mary- Kat could you share a little bit about your professional career please?

Kat- Sure, absolutely. Before I was a licenced funeral director, I did that in 1998, prior to that I taught high school and I did that at a community college as well. I am a professional educator so as a licenced funeral director specializing in prepaid funeral planning, people often say to me don't you miss teaching? My reply generally is, no that I'm still teaching it's just a different topic. I'm still teaching and loving it and doing it every day.

Mary- Well good for you, and I have my first question. I thought cremation was cheaper than burial, is that correct?

Kat- Very often it will be. The main difference with cremation is that the body has to be in a cremation container by law with is a combustible solid bottom container. It could be particle board, plywood, or some places even use a very heavy cardboard. People don't realize that the body has to go to the crematorium in something. The cremation container will be quite a bit less costly than purchasing a casket to put the body in for cremation. One thing we have to be mindful of is that if people are heavier than say 250lbs than they may be too large for a cremation container and the family would have to select a casket that would fit them.

Mary- Okay then, that's very interesting so my next question is how is my money protected if I prepay my funeral?

Kat- Oh that's a good question. I hope people are listening to this next part as many people don't realize that revenue Canada has a special designation used for when people prepay a funeral. It's called an eligible funeral arrangement and Canada revenue agency states that an approved depository (they have to have a triple A standard and they have to have protections on the money in reserve) is something set up through a licenced funeral home and a licenced funeral director and people's money is moving from their chequing account to their funeral arrangement account. So this money is never part of the account for the funeral home. It is the purchaser's money and in turn, Canada revenue agency says this money has to be insured and protected to a hundred thousand dollars and this money must also earn tax exempt interest. People don't realize it's still their money; they're moving it from their personal chequing account to now their personal funeral arrangement account. In the end, that money is then paid to the funeral home and that's how the funeral home has access to the funds to pay for the arrangements that the person has set up when the time comes. People are relieved to know that it is still their money. It's protected and insured. The funeral home can't use it until a death occurs. Until a death occurs the funeral home does not have these funds available at all and during the person's lifetime if they change their mind they can get their money back and there are provisions for that to cancel it and get their money back.

Mary- Okay, that's very interesting. A third question for you, do I have to have a casket if I am going to be cremated?

Kat- There can be a casket if people want to have visiting and a service and then cremation. Many people will select what's called a cremation casket. The ceremonial casket and what it is, well it looks like a regular casket. It might be made from maple or oak or cherry and inside there's a second wall of wood which is the cremation insert but during the visiting and the service, the casket looks like a regular casket so it could be in a church or the funeral home for a funeral service and for the visiting. After things are completed, the casket is brought back to the funeral home, the insert is taken out, a lid is put on and it's loaded into a van and taken to the crematorium. The other reason somebody might need a casket is like what I stated in the earlier answer is if they're heavier than 250 lbs then they may not fit in a crematorium casket so they may need a traditional casket to be purchased instead. That's one of the three things that has to be done when you when you're looking at preplanning. There has to be a choice of disposition; burial or cremation, and the body has to be in something and that casket could be a cremation casket, a ceremonial casket or a purchased casket.

Mary- Okay. Thank you for that and can I prepay my funeral for my dad if he has Alzheimer's?

Kat- Oh that's a super question. Last week I seemed to be working in this arena quite a lot. To answer the question, if someone is not of capacity, then they're not able to enter into a contract....so can I prepay a funeral for my dad who has Alzheimer's, the answer is yes and there's two ways this can be done. Either as the adult child as the power of attorney for property then they could use their parent's funds to prepay the funeral. If there isn't a valid power of attorney for property in place then the adult child could be the purchaser of the prepaid funeral but the beneficiary who the funeral is going to be for is their father. So there's two ways this can be handled Mary.

Mary- Okay, and thank you for that and I would just like to add some legal terminology to our conversation. When Kat said Power of attorney, the legal term is attorney so thank you for that, Kat. My next question is, can I prepay my funeral over time or do I have to pay for it all at once?

Kat- Another super question and the answer to it is yes to both. I think many people feel or they hear that they have to pay for the funeral ahead of time as a single payment and they can also pay over time, and they can also do a down payment and also pay over time so there's a couple ways that this could be done. You could pay over time from one to five years or ten, fifteen or twenty years depending on the age of the person at the time of the contract. I would say for most people I'm certainly able to listen to what works for them and create a plan that's financially viable for them as well. The other thing I find is that people have monies available at different times of the year for example January or September so for people that have that type of situation you could set up an annual or semi-annual payment so at times when money comes either coming out of the RIF or a GIC has matured, and they want to put these funds into a tax sheltered environment which the eligible funeral arrangement offers. So yes, people can pay over time and the other availability is a life insured pre-payment option where there are different rules and regulations on that which go beyond our conversation here today but in essence if a person doesn't have outstanding health issues such as diabetes or high blood pressure, then a time payment life insured pre-paid funeral may be fully covered from the first payment. That's a lot of words to say if you're healthy and you died after the first payment, the funeral is paid for in full. The other side of that if there are health concerns, then there are clauses on the contract that will say after two years of payments the prepaid funeral is covered in full. There are variations in that depending on the company so they may pay out all the premiums plus 6%, the family pays the rest or after two years it's covered completely. That kind of conversation, Mary, would be something you would have one on one so you really know what's going to work for them but what I've shared with the audience is the general jist of how that works.

Mary- Well It's interesting this whole topic of preplanning and prepaying and when we die, we don't want our families to be burdened with the financial costs of our death and it might be the kindest last gift that you can actually give your family to say you know what, I went and I met with the funeral director and I've figured out what I wanted and what I can afford and it's done. At the time of a death it's so emotional and so stressful and to take that piece of the puzzle off the table is a real gift to family so thank you for sharing that. It's something that we all think about but rarely do we talk about it and having you as part of this project helps raise the awareness of families that they need to have the courage to have these conversations.

Kat- Oh absolutely. One lady I worked with a while back I loved that she said , and it supports what you're putting out there too Mary, that when someone dies, that's not the time to do business. To me, that's a really neat way to put that and that was her motivator to come in and get things set up for herself and she said she didn't want her kids to wonder what I want or how to pay for it so she's doing this the way she wants ahead of time and it's paid for. It was a huge relief. You could just see her sigh and her shoulders went down and total relief that everything was set up. It doesn't jinx it so that somebody dies; I think it's the opposite. I think people feel so much better to know that this piece that we will know will be there in the end, no one gets out alive and there's an expiry date for all of us, and

when they know that that is set up and looked after, they're really proud of themselves,. A huge sense of accomplishment and peace of mind.

Mary- And you know Kat, I liked your idea of paying forward in stages if that's what you need to do and as you said, peoples monies do come up and that could be part of the whole financial plan to say at this point of the year I know this money is coming up and is accessible to me and I'm going to take that or a portion of it and put it towards my funeral plans. Thank you for that.

Kat- You're welcome. There's another thing I'd like to add if I could. Many people have a tax free savings account that may be as full as it is allowed to be within a year as there's a certain amount you are only allowed to put in. I had a very interesting dialogue with a financial planner last week and what we were exploring is how to create a win / win all around, If you'd like to have more room in your tax free savings account then what I propose is to take some of that money out, prepay the funeral in an eligible funeral arrangement, then go back and fill up your tax free savings account again. I think this is financial planning that's very astute because you're moving money from a tax free environment back into a tax free environment. You're earning money in a tax free savings account and you're earning money on the eligible funeral arrangement account. I see that as a smart financial choice so there is that gift of the prepaid funeral and the funds are there when the time comes.

Mary- That's really excellent to hear that idea. My final question is I heard the funeral home has to guarantee the future costs are that true?

Kat- It's true in Ontario Mary. July 1st, 2012, the funeral, burial and cremation services act came into effect and one of the features of that new act is that the prepaid funeral services and merchandise must be guaranteed by the funeral home when those items are provided. So the funeral that people pick, the merchandise they choose, in the end the funeral home has to guarantee the future pricing of those items to provide that funeral.

Mary- okay and actually, I just thought of one other question. What happens if I die away from home?

Kat- Oh yes and thank you for that Mary. That is on peoples' minds...the what if's. There is an answer for this which is the secured return assurance plan which is available through the funeral home where people can contact me to inquire about it. What this is, is a safety net for anyone if you ask about if you die anywhere more than 100kms or 60 miles from your legal residence, if you die away from home in Ontario, anywhere in Canada, the States, internationally, with one phone call all of the wheels are set in motion for the documents, the preparation, the merchandise and the airfare and the costs associated with getting the body back home or with doing the cremation where they died and getting the cremated remains back home. This is a huge one if for example one lady was worried about being sick away from home and really what she was worried about was dying so far away from home and as soon as I started telling her about this she said that's it. It's perfect...I want that. It's a fantastic product. It's not underwritten with any medical concerns so you can buy it separately from prepaying a funeral. It's a stand-alone product and you don't have to have something set up with the funeral home; you can buy that on its own. It's also really easy to set up. You just need a bit of information and people can pay with

a mastercard or visa. It's a fantastic product. I really encourage people to find out more at my website or to contact me so we can chat further about that.

Mary- Because that must be a huge benefit if you're travelling for example, you might be a snowbird going to Arizona or Florida ...wherever, and as best as we plan to have great vacations, people do die away from home and I can't imagine the stress of being in a foreign country or city and having to start this process. That would be so stressful so it's a great project for people to say you know as part of my preplanning my funeral, let's talk about this insurance policy if I am away so thank you for that.

Kat- Oh you're quite welcome. I know a friend of mine contacted me about a month and a half ago now and his wife died in Italy. They didn't have coverage and he was sharing some of what you eluded to and he doesn't speak Italian, he didn't know the documents he was signing and they did end up putting her into a rather extensive casket, the cremator...rather than a cremation container and it took about two weeks before everything was organized and he could bring her cremated remains home. It was huge. He was physically, financially and emotionally spent. It was over the top for him. I wish they had bought the product because one phone call would have solved all of that.

Mary- Thank you for that and Kat could you share your contact information with us please?

Kat- Yes. My website is www.legacymatters.ca and my email is katdowney@legacymatters.ca

My phone number is 905-717-9197

Mary- And can you tell us a bit about what is on you website and some of the resource tools that you have created?

Kat- Yes, thank you. As a professional educator I'm often out and about speaking and doing workshops so there is upcoming workshops and seminar tabs. There's resources there about what has to be done and funeral planning and preplanning, I have a free download of an emergency contact sheet, and people can sign up for my newsletter or blog, and they can download that for free. I also have a summary chart which a lot of people like. In one page it takes people through about 75 considerations for funeral preplanning and some of them may not fit but at least you can choose what's important to you. There are a lot of resources there and links to align professionals. My blogs are listed there so people can go back and read what I've been writing about over the past few years. The executor's companions kit is there which is something I designed to get as a professional educator when thinking there has to be people who would like to be organized and what to do and have things set up to the best of their ability ahead of time. That's what motivated me to research, write and produce this is it's an adult baby book. I mean here's my stuff, here's what I have, this is why I did it this way and when I die this is what I want done with it. It's a 12 section workbook that takes you through all of the aspects of your life. Important documents, insurances, banking, financial records, funeral planning, your will, your tax returns for the last 7 years, so everything can be in one spot. A couple people come to mind right now and they're my raving fan clients because they've worked through this and now when they go away, they take the folder and put it on the middle of the dining room table and all their kids know that there's their stuff. What a gift that is. No rooting around trying to find everything, wondering if you've

missed a life insurance policy, if there's something else you should know about. I one spot on the table, right up front for everyone, every time they go away, there's their stuff. Isn't that neat?

Mary- That's incredible you know and being organized and having paperwork ready and available is a skill. A skill that takes some planning and I know I've seen your book and it's an incredible resource for people to get organized and it also cues you to the different elements whether it's the tax return or your will or your power of attorney document. It's all right there so thank you for creating that.

Kat- Well it was actually fun to do and I'm in the process of an edit right now and that's actually on the website for purchase as well right now, Mary.

Mary- Well that's wonderful and thank you Kat for joining our project. I would like to wrap up with a closing sentence and that is that Chris Kata, one of our board of directors and I would now like to share a few closing comments.

Chris - Mary, who are our initial project supporters?

Mary – We wish to acknowledge that this project is funded in part by the government of Canada's New Horizons for Seniors Program. Our other initial supporters include Care Connect, The Care Guide, The Healing Cycle Foundation and Scotiitrust. Caregiving Matters is an internet based registered Canadian Charity dedicated to educating and supporting family caregivers. 90% of our work is done online and by leveraging technologies. 10% is done by producing local educational events. We leverage technologies in everything that we do ensuring greater reach and sustainability. I trust that we have given some of the highlights of our exciting new initiative. If you are interested in speaking with me about the project, please let me know. We look forward to your questions and your ideas.

Chris - Mary, if listeners have questions, what is the best way for them to contact us?

Mary Bart- You can contact me directly Mary Bart, Chair of Caregiving Matters at 905-939-2931. My email is mary@caregivingmatters.ca and our website is www.caregivingmatters.ca