



Learn What You Need to Know About Burial Insurance

Description

Several programs are being sold to people who want to make sure they've tied up their financial loose ends before leaving this world, whether it has a soft name like "last expense insurance" or "senior life insurance" or is plainly labeled "funeral insurance" or "burial insurance."



Beyond the marketing, burial insurance is simply a type of whole life insurance. It is sold by various insurance firms, ranging from smaller ones you may not have heard of to major names like State Farm and AIG.

Burial Insurance Is Popular

Burial insurance frequently offered seniors addresses both practical and emotional requirements.

Simple to obtain

You can purchase the coverage online or over the phone without undergoing a medical exam, which no one enjoys. Instead, applicants are asked about their age, tobacco use, and serious health problems.

Some insurance doesn't even ask about medical history, and approval is guaranteed. They are, unsurprisingly, known as guaranteed acceptance or guaranteed issue life insurance. These policies are intended for those so unwell that they are ineligible for other types of life insurance.

For the first two or three years that the policy is in force, guaranteed issue policies do not pay a death benefit (the amount paid out to beneficiaries). If they did, everyone would want to wait until they were on their deathbed, pay one month's premiums, and have their heirs receive \$25,000. No insurance company could survive if they accepted this. So instead, if the insured dies within the waiting period, the policy's beneficiaries will be reimbursed for the premiums paid by their loved one, plus interest.

Low-cost

Burial insurance can be acquired for as little as \$5,000 or \$10,000, but another whole, guaranteed universal, or term life insurance plan may have far higher minimum coverage limits of \$50,000 or \$100,000. Burial insurance prices may appear to be a good value, but it's difficult to determine without receiving individualized, comparative quotations for larger plans.

A love vehicle

The advertisements can be heartfelt, promoting burial insurance as one of the most important things you can do for your family so that they don't have to struggle to pay for your funeral and settle your bills. This is an admirable goal, but burial insurance is neither the only nor the best means to achieve it. However, it can be a decent sort of insurance for people who only need a small policy and cannot qualify for a bigger or less expensive policy due to their age or health.

Other Insurance Options: Comparable Prices, Greater Benefits

Here are some reasons why burial insurance may be a terrible investment. First, the lack of a medical exam indicates that you are being covered as part of a high-risk group of people.

Despite this, many people, especially those with health difficulties, are eligible for plans that provide a better value regarding the payout your beneficiaries will receive about the premiums you pay. Don't believe that your poor health prevents you from obtaining other types of life insurance. Consider dealing with a broker who sells a variety of life insurance policies (not just ultimate expense) to determine your eligibility.

Term life insurance is sometimes mentioned as an option, but because it expires after a certain time, it may not provide adequate coverage for someone who wants to ensure that their heirs receive cash when they die. If you die after the expiration period, your heirs will not get a settlement. As the name implies, permanent life insurance is guaranteed to cover your death at any age as long as you pay the premiums. Term plans may also be unavailable to older persons, or the premiums may be too expensive.

Burial insurance is intended for a certain group of people. It can be a valuable product if you are that type of person. The problem with burial insurance is that certain insurers, brokers, and salespeople are more concerned with making a sale than matching their customers to the optimum insurance plan for their scenario.

The typical death payout of burial insurance coverage is \$5,000 to \$25,000.

The Savings Account Alternative

If you are concerned about funding and carrying out your requests for burial, cremation, and a memorial ceremony, consider opening a savings account or trust and designating the person who would ordinarily pay your final expenses as the beneficiary. This money can be withdrawn promptly if needed after your death, saving your survivors from having to wait for an insurance payout or probate.

You might also look into prepaying funeral charges at the funeral home that your family usually goes to. This, however, entails putting money into a business that may or may not be profitable or well-run by the time your family wants to plan your funeral. Again, a savings account or trust allows us greater flexibility.

It is equally critical to discuss and document your wishes with your family. Planning your funeral is just one aspect of a larger estate planning process that ensures your loved ones know what you want and that your assets are distributed to the appropriate individuals when you die.

Category

1. Insurance

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