

by Lamar Hankins, past president of Funeral Consumers Alliance

Selling Cremation Door-To-Door I just had the opportunity to be a “secret shopper” – from the convenience of my dining room table. Over the years, I have occasionally received solicitations from funeral homes or cremation services to encourage me to “pre-arrange” funerals or cremations. In recent months, I received two such solicitations from the Neptune Society. I responded to the last one, sending back their card and checking the box that indicated I wanted to receive more information. That information came through a phone call a couple of weeks ago asking if one of their representatives could visit me in my home. I said “yes” and a nice fellow showed up. His card identified him as an “Austin Area Counselor,” for Neptune Society, “America’s Most Trusted Cremation Services.” I was treated to a sales pitch full of misleading or outright false claims, all to get me to pay more than double the cost for a simple cremation in the Austin area.

It was obvious that he knew nothing about me, or he probably would not have made the 45-minute drive to my home from his Austin location. I have spent the last twenty years as a volunteer advocate for funeral consumers with the Austin Memorial & Burial Information Society (AMBIS), as well as 18 years working as a volunteer with the national organization with which AMBIS is an affiliate, Funeral Consumers Alliance (FCA).

The counselor and I spent an hour and a half discussing pre-arrangement options that Neptune offers. The best one, from Neptune’s perspective, is being offered right now at a \$150 discount, so the cost to me would be only \$2,255.

Leading up to my request to know the price of the service was about an hour of information about the plan, and information he had gathered about what a few other funeral homes in the Austin area charge. The counselor had no way of knowing that just four days earlier, Nancy Walker (President of the AMBIS board) and I had finished surveying the prices of funerals and cremations for the 51 funeral services located in the Austin area.

It is noteworthy that the counselor mentioned that Neptune is owned by SCI, the largest funeral provider in the world. Based on his inflection and the look on his face, I think I was supposed to be impressed by this. But I have written about SCI many times over the last twenty years, discussed legal problems with SCI’s legal staff, and had my own battles with them on behalf of my family over cemetery plots. Their world-wide activity and reputation was not news to me.

It surprised me that Neptune uses the outrageous charges at SCI facilities to show how much better its prices are – its counselor cited rates at several SCI locations that were much higher than Neptune's. But it wasn't a fair comparison; in most cases, what the counselor showed me were prices for elaborate cremation and related services, not Direct Cremation prices. Direct Cremation is universally defined as a simple cremation without a viewing or ceremony.

When the counselor did show me a price from other providers for Direct Cremation, he pointed out that there were many hidden costs not covered by their price (e.g., refrigeration, crematory fee). But all of his examples were for prices higher than Neptune's.

For a

few

people, the best part of Neptune's plan is that it includes – for \$474 – a "Transportation and Relocation Plan." This is worthwhile if you are traveling overseas and die on the trip, but the contract for transportation services is not with Neptune. Instead Neptune is a third-party seller for the Medical Air Services Association (MASA). Based on the contract, it appears that MASA will transport the body to the nearest licensed crematory and will return the cremated remains as per the Neptune agreement.

The counselor tried to convince me that the transport agreement was also very useful in the event I died while on a trip to the Texas coast (about a three and a half hour drive). He explained that a funeral home at the coast would have to take custody of my body and be paid for shipping it back to Austin for cremation. He did not know that I knew this was complete nonsense.

If I die down at the coast, my chosen cremation provider in the Austin area could merely arrange for a funeral home, mortuary service, or crematory in the area where I died to handle the cremation for a low wholesale trade price – probably about \$400 – and send the cremated remains to the Austin area funeral service. My family would pay my chosen provider's cost for direct cremation and receive my cremated remains. I've had personal experience with this. When my brother died twelve years ago, an Austin funeral home arranged his cremation in the county of his death, and my parents, who lived in that county, picked up his cremated remains directly from the local funeral provider where he died, paying the Austin funeral home for the entire cost.

Next, the counselor tried to shock me by saying that funeral prices double every seven to ten

years. I happen to have funeral cost surveys that AMBIS has done for many years, so I compared the costs from 2000 with those in 2012. Direct cremation averaged \$1,468 in our 2000 survey. In 2012, the average cost was \$1,899 – a 29% increase, not twice the cost from twelve years earlier. Of course, a lot of those increased costs can be attributed to SCI funeral homes. Their cremation costs rose about 62% during this same period.

In addition, the counselor told me that cremation in central Texas averages \$2,700+, which is just not true. The 2013 AMBIS annual survey just published and available on-line at

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<http://fcaambis.org/wp-content/uploads/2011/04/2013-FH-Survey-02-13-13.pdf>
> shows the average cost of cremation for the 51 funeral providers priced is \$2,053, nearly \$650 less than the counselor claimed.

Of course, the counselor also did not tell me that I do not have to pay the average price. I can get Direct Cremation for as little as \$695 from two providers, and for \$775 or less from three others. This compares favorably with 2000 prices, which were \$725 from two providers and \$740 from another. So competition has made the lowest-cost Direct Cremation less in 2013 than in it was in 2000.

But those were not the only misleading statistics the Counselor gave me. He told me that most funeral homes have two price increases yearly. Because we do an annual survey, we know that this is not true for most funeral homes. A handful have annual price increases, but many go two or three years without increases. In my experience, the number of increases has more to do with the general economy and the popularity of cremation, which takes business away from funeral services, than with any other factors. However, one funeral director told me recently that SCI was the best thing that ever happened to him. Because of SCI's high prices, he can charge more and still offer a better deal than SCI funeral homes. Most of the Cook-Walden chain, which is owned by SCI, charges \$2,740 for Direct Cremation at four of its five locations.

I was a bit startled when the counselor told me that Clark Howard, the radio consumer advisor, recommends the Neptune Society. For many years, Howard was a member of the Honorary Advisory Board of the Funeral Consumers Alliance (FCA), for which I spent about eight years serving as a member of its board of directors, including four as President. To my knowledge, Howard has never endorsed pre-paying for funerals or cremation. A search of his website turned up no mention of the Neptune Society. One entry by Howard in 2010 had this to say:

“Pre-paying for funerals not a Clark Smart option

“**RIP-OFF ALERT:** [The Wall Street Journal](#) reports some 20 million people have pre-paid for funerals to relieve their survivors of the obligation at the time of their death. While that sounds good in theory, pre-paying for a funeral in practice has involved bad purchases, theft of funds, insolvency and other assorted gotchas. “What

exactly are the problems? To begin, Americans move a lot. Where you live at age 50 -- when people typically start pre-paying for funerals -- may not be where you'll be living at the time of death. Unfortunately, when you move in the future, the way pre-pays work is that you forfeit much of the money.

“Second, your end-of-life wishes may change over time. It used to be that only one in four people opted for cremation. That's become about one in three in recent years.

“Meanwhile, future projections show that cremation may soon become the dominant method of disposition, perhaps because a cremation can be much cheaper than a traditional burial.

“Another problem has been outright theft of money by shady funeral home operators -- despite state efforts to crack down on shenanigans. . . .

“So what should you do? Clark prefers that you pre-plan (but not necessarily pre-pay) through a local non-profit memorial society. Visit

[Funerals.org](#)
for more info.”

That link is to the FCA website.

To help understand better Clark Howard's advice, it is instructive to look at what happens to the \$2,255 the Neptune Society charges during their special promotion:

– \$730 goes into a trust and is not touched until you die and the cremation is actually done;

– \$1,051.11 (includes some state taxes) is taken outright by the Neptune society and the customer is given several items of merchandise when the contract is signed. That merchandise includes a wooden “memento chest” which houses a wooden urn, a photo keepsake, 25 “Thank You” cards, and a “Neptune Information Book,” all of which costs Neptune no more than about \$200 wholesale. This means that Neptune can immediately pocket about \$750 (the tax must be paid);

– \$474 is allocated for the transportation plan, all of which, presumably, will be divided between MASA and Neptune at the sale of the pre-paid plan.

It appears, then, that at least half of the funds paid for the pre-arrangement contract can be spent by Neptune, perhaps years before it performs any service other than providing the merchandise to the purchaser. A purchaser of such prepaid services could lose a substantial amount of money if the purchaser’s plans change a year or two later.

However, Neptune does offer a unique benefit at no additional cost. If the purchaser has a child or grandchild who dies before that person’s 21st birthday, Neptune will provide an identical cremation for the deceased child or grandchild. It is difficult to find the data on deaths of those under 21 years of age in the US, but it is unlikely that this should be a major incentive for purchasing a pre-paid cremation, though it may have emotional appeal for some.

The counselor made the customary pitch that paying in advance will give both me and my family peace of mind, and everything will be paid for. However, the contract identifies twelve items that may require additional payments at the time of death, such as placement of obituaries, flowers, and other service-related expenses. It is simply wrong to mislead families with a sales pitch that is belied by the very contract used in the transaction.

The total contract and related documents run to thirteen pages, all of which need to be carefully reviewed. The counselor told me that Neptune gives customers a full thirty days to change their minds. However, I could find nothing about this thirty-day rescission promise in any of the contract documents.

Neptune's counselor offered another tidbit of false information, as well. He claimed that one of the funeral services in San Marcos required a casket for cremation, rather than the less expensive cardboard container used by Neptune. However, the price lists for all three funeral homes in San Marcos offer a cardboard container for Direct Cremation. Besides, both federal and state regulations bar funeral homes from requiring a casket for cremation.

The bottom line regarding pre-paid funeral and cremation contracts is the same today as it was twenty years ago when I started doing funeral consumer advocacy work. Only those in very unusual or special circumstances – someone with no family or friends to make disposition arrangements, or someone who is making final arrangements before becoming eligible for Medicaid – actually need to pre-pay for burial or cremation. As always – Buyer Beware!

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