



Final Expense Buyer's Guide

David Wagner, Life Insurance Broker

CA LIC 4110138, NPN 19780782

209-268-8063

Getsimplylife.com

What is Final Expense?

The cost of a funeral, burial, and cremation, along with associated expenses, can easily be between \$5,000 and \$12,000. Most people don't have that much money to cover these expenses. The best way to solve this problem is by purchasing a Final Expense plan. What is Final Expense? It is a type of whole life insurance designed to cover the expenses associated with funeral, burial and cremation. Coverage amounts usually range from \$5,000 to \$30,000. Unlike other types of life insurance, whole life final expense does not require a medical exam, blood draw, urine test, or medical records. Typically, it only requires the applicant to answer some health questions, after which the company runs a quick check of the applicants' medical and prescription history. If everything checks out, the applicant can be approved in minutes and can begin coverage the same day. Once the plan is locked in, the coverage amount never decreases, the monthly payment never increases, and the plan can never cancel so long as you make your monthly payment. Because it is Whole Life, your policy builds cash value over time which you can borrow if you choose. This cash value can also be used to cover a monthly payment if you are unable to pay. The policy lasts until age 121, which means you cannot outlive it; it is a guaranteed payment for your family when you die. Even if you get sick or injured after signing up, your policy will never change.

Where Should I Buy Final Expense?

This is an important question. There are dozens of companies, hundreds of agencies, and perhaps tens of thousands of agents who can sell you Final Expense. But should you buy from just any one of them? The answer is No; you should only buy Final Expense from someone who meets the following conditions:

1. Make sure the insurance company who offers the Final Expense is an "A" rated carrier with AM Best. AM Best is a company that rates the financial strength of insurance companies. It is important you only do business with the strongest companies in order to avoid the possibility of your company going out of business before you pass away, in which case your family may not receive some or all of your death benefit. There are plans that clients purchase because they are very cheap; but one reason they are cheap is they do not have an "A" rating,

and so they are not as financially strong as other companies. **Ask your broker, "Does this company have an "A" rating with AM Best?"**

2. Make sure the agency you buy from is committed to selecting the best company for you, the client, not the best company for them, the agency. Agencies usually have some incentive to sell one Final Expense plan over another because they receive higher commission and higher residual pay. The problem is that the agency is not concerned for your best interest; they will often sell someone a plan that is not the best for them because it will benefit the agency. **Ask your broker, "How does your agency ensure that the needs of the client are put before the financial benefit of the agency?"**

3. Make sure the person who sells you the plan is a broker, not an agent. What is the difference? An agent is captive to one agency and one insurance company. They only have one Final Expense plan to sell you, despite the fact there are dozens of different plans out there. Every client's needs are different, and every Final Expense plan differs in several ways. This means it is impossible that only one plan would be the right fit for everyone. In fact, it is the case that captive agents sell products *which are almost never the right fit for the client!* The price is almost always higher than other plans and the type of Final Expense is often inferior to other plans, especially because clients often must wait for 2-3 years before their coverage even begins! On the other hand, a Final Expense Broker has access to all the companies and all the products. They are not required to sell you just one plan whether it is good for you or not. They can find the cheapest deals and if one company won't take your health condition, another will! Always do business with a broker; never work with a captive agent. **Ask the salesperson, "Are you a captive agent with only one company or are you a broker who can shop multiple companies?"**

4. DO NOT work with someone who deceives you or pressures you to buy! Most of the time when they lie to you, you will not know it, because Final Expense is a complicated product which requires a lot of specialized knowledge; it's like when you take your car to the mechanic. If you are not a mechanic, you are at their mercy and just have to believe what they tell you! But if you catch your Final Expense advisor in a lie, end the appointment and don't deal with them again! On the other hand, it is very easy to notice when someone is pressuring you to hurry up and buy their plan. They do this because they only make money on commission when you buy. If you don't buy, they make no money and they believe their time with you was a waste! Final Expense salespeople are trained to make you buy the first time they talk to you; this is called "One-call close." It

doesn't matter to them if you understand the plan, or if you have some reservations, or if you want to talk to your spouse or children, or if you want to shop around; they are trained to force you to buy the first time they talk to you, whether you want to buy or not! **DO NOT** do business with these people! They don't care about you; they only care about your money! **Ask the broker, "Are you trying to 'one-call close me?' Is it okay with you if I take time to think about it, shop around and speak with my family?"**

5. DO NOT work with a Final Expense salesperson over the phone. The fact is that not all Final Expense plans can be sold over the phone; many require the broker to meet with the client in person. Several of the best-priced plans cannot be sold over the phone; this means you will always pay more for a plan purchased over the phone. Several of the plans with the best underwriting cannot be sold over the phone. "Good underwriting" means the company will give you 1st day coverage even if you have some serious health issues. To get these plans the broker must come to your home to sign you up. If you purchase over the phone, you are likely to get worse coverage, like a 2 year wait period, when you could have found 1st day coverage. On top of that, how do you know the person on the phone is who they claim to be? Final Expense plans require your social security number and your banking info. Do you want to give those out over the phone to someone you've never met, and can't see? There are a lot of scams out there and the only way to be sure is to only do business with a local broker.

What Kind of Life Insurance Should I Buy?

There are different types of life insurance. All have their place. The best kind of life insurance to buy for covering the costs of funeral, burial and cremation is Final Expense. This contrasts with Term Life Insurance, for example. Term Life Insurance is designed to protect the larger financial needs of people aged 20-50, roughly; this includes replacing their income for their family, paying off their mortgage and other debts, or funding their children's education. All these needs would arise if the person died prematurely and was no longer there to provide for their family. Term Life Insurance is great for these concerns, but it is bad for taking care of end-of-life expenses. Why? Because Term terminates. It comes to an end after a period, say 20 years, and then the person is no longer covered. If they outlive the policy, it is no longer there to cover their funeral expenses. Since Whole Life Final Expense lasts your whole life, it is a guaranteed payout for the

family when the person passes away. So, what things should you look for when considering different Final Expense plans?

1. Make sure it is Whole Life Final Expense, and not Term Life Insurance. **Ask the broker, "Is this whole life or term life?"**
2. Try to get Final Expense that offers 1st day coverage, if possible. Many Final Expense plans are "modified," "graded," or "guaranteed issue." This means you start paying for the plan on day 1 but you do not receive death benefits if you die from illness within 2-3 years of starting the plan. People get these plans because their health conditions are too severe for the insurance company to offer them 1st day coverage. The trick, however, is to work with a broker who can shop all the different companies because while one company will not give you 1st day coverage if, for example, you have COPD, another company will give you 1st day coverage even with this condition. Every company has different health standards for their plans. For some people, their health problems are severe enough that their only option is to accept a modified, graded or guaranteed issue plan, and those are a lot better than nothing. But always try to get 1st day coverage if possible. **Ask the broker, "Are you sure there isn't a company that will give me 1st day coverage?"**
3. Look for the lowest priced plan. There are dozens of companies and they all price their plans differently. Some companies have a business model in which they willingly charge the client far too much for their plan because they believe they will make more profit in the end (and they might be right!). But this is bad for the client. Would you willingly pay \$50 more per month for your plan? Of course not! Money is tight for all of us, and we need to be thrifty. Again, you must work with a broker who can get you the lowest price possible. **Ask the broker, "Is this the best price you can get?"**
4. Select a plan with a company that will get your policy issued with the least amount of trouble. Some companies have a great price and will take your health conditions but getting them to issue the plan for you is extremely difficult. They are not user friendly, and their process is not smooth. This can be a serious headache for the client and these companies should be avoided where possible. Of course, the only way to know which companies to avoid is by working with an experienced broker. **Ask the broker, "Is this company going to be a pain to work with?"**
5. Try to find a plan that offers Social Security Billing. Social Security Billing means the company sets up a bank draft for your monthly payment to coincide

with the deposit of your social security money. What this does is ensure that there is always money in your bank when the Final Expense company attempts to draft the payment. This is very important because many people buy a plan and then forget to leave money in their account for the draft. When the company cannot get their payment, the Final Expense plan cancels. Oftentimes the client doesn't even know it canceled so they do nothing about it. When they pass away, their family goes to collect the money only to have the company tell them there is no money because the plan canceled from non-payment! This is a very bad surprise for the family to get when they are already grieving the loss. **Ask the broker, "Does this carrier do True Social Security Billing?"**

6. Find a plan that includes a Funeral Concierge Service, if possible. Funeral Concierge refers to companies that work with life insurance companies to offer special services to your family when you pass away. These companies help your family negotiate with the funeral home to reduce the price of your funeral up to 40%! They offer reduced prices on common funeral items such as caskets and headstones, and they help you and your family arrange the numerous details of the funeral before that day ever comes, so that when it comes your family won't have the added stress of making difficult decisions while they are grieving. This is a great feature to add to your Final Expense plan. Of course, it is important to realize that this feature will increase the price of your plan, sometimes a little and sometimes a lot, depending on the companies you work with. And sometimes it will not be reasonable to add this feature if you need to select the cheapest plan possible. But if you can afford it, include a Funeral Concierge Plan. **Ask the broker, "Can you get me a Funeral Concierge Plan?"**

Is Final Expense Only For Seniors?

No, Final Expense insurance is for every age of person. This is because the costs of funeral, burial and cremation are high and burdensome no matter the age of the person who dies. While many Final Expense companies will only give coverage to people between the ages of 50-85, I have access to companies that will insure almost anyone from 0-90. This is important because, again, dying is expensive, no matter your age. Everyone should have a Final Expense plan in place to protect their family from burdensome costs. The good news for younger clients is that their lower age makes for lower prices.

Do Children Need Final Expense?

While it is not a pleasant subject to consider, the fact is that sometimes children die. When they do, their funeral, burial and cremation expenses are just as high and burdensome as those of an adult or senior. Because children are young and generally healthy their cost for coverage is the lowest on the market and can be easily added to anyone's monthly budget. It is easily worth it to protect the family from the unexpected burden of funeral costs should they pass away.

Do You Need Help With Final Expense?

My name is David Wagner. I have been serving customers for 20 years, and in 2021 I started helping people find life insurance. I am a California state-licensed life insurance broker with access to dozens of companies and plans. I serve the counties of Stanislaus, San Joaquin, Merced, Tuolumne and Calaveras, and I am willing to go further to help clients upon request. I will come to your home and meet with you personally to understand your life insurance needs and recommend the best plan for your situation. I can answer your questions, get you a quote and help you apply for a plan. Most people are approved and covered within 30 minutes! Call today to make an appointment and let's get your Final Expenses covered!



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