



April 2, 2020  
Vol. 11 No. 14  
www.nfda.org

**SPECIAL DOUBLE ISSUE**

# Memorial Business Journal

THE WEEKLY RESOURCE FOR PROGRESSIVE FUNERAL DIRECTORS, CEMETERIANS AND CREMATIONISTS

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## Now Is Not the Time to Tap the Brakes on Preneed

**WEST DES MOINES, IOWA** – *Editor's note: "Tapping the brakes" on preneed sales at this time can have ripple effects that could impair long-term success for a funeral home business. In this article, Dean Lambert and Jill Muenich of Homesteaders Life Company provide insights about why a firm should not pause preneed sales during this uncertain time and show data that support why there have been an increase in consumer calls to funeral homes about advance funeral planning.*

### SHOULD FUNERAL HOMES CONTINUE TO REACH OUT TO COMMUNITIES ABOUT PRENEED?

First of all, we recognize that funeral homes' most



pressing needs/questions right now deal with such other topics as "Do I have enough staff, can I keep them safe, what are the protocols around current at-need situations and others?"

Still, we feel strongly that now is the time to be available for people who want to plan. We also feel strongly that funeral homes have hired agents to do this work and should let them continue to help families.

So, should funeral homes continue to reach out to communities? Absolutely! We keep hearing about how these "new normals" have caused changes to

people's daily lives in response to the pandemic. What funeral directors should be saying right now is that they are uniquely qualified as a resource to people because the very essence of being a funeral professional is helping people cope with their new normal.

Like first responders and healthcare workers, funeral directors are very familiar with working in crisis situations and helping people create order out of chaos and find some calm when there is turbulence. Take stock of the training and resources at hand and communicate that you are available to help families in any way you can. Here's some suggested wording:

Some funeral directors and preneed professionals may feel that this is an inappropriate time to reach out with a prearrangement message. What you have to remember is that lots of folks are stuck at home. They're doing a lot of worrying, thinking and surfing the web for answers to all kinds of questions.

"With all the things we're hearing about a 'new normal,' you may not realize that few other professionals are as accustomed as we are to helping people face 'new normals.' Please reach out to us if you're having difficulties due to stress, if you're a caregiver or even if you're alone and need a friend. If we cannot answer a question, we will do our best to point you in the right direction."

Regarding preneed at this time, think about this: The vast majority of people who prearrange say the

reason they did it when they did is because they attended a friend or family member's funeral. Facing mortality is a key motivator for people to think about the big "what ifs." Our funeral home customers and marketing partners are broadly reporting increases in inquiries about preneed. The media is reporting growing consumer interest in estate planning and life insurance. It's very important to make the fact that you offer advance funeral planning very apparent right now, when consumers are likely thinking about it.

#### **WHAT ARE EFFECTIVE WAYS TO COMMUNICATE, AND WHAT SHOULD THE MESSAGE BE?**

There are many passive and active ways to communicate the funeral professional's role in assisting families during this time – from social media, where people mostly self-engage, to engagement-inducing methods such as direct marketing (email, postal mail, text messages). However, timing, audience relevance and communication channel are all important things to consider to achieve success.

Let's talk about relevance. Some funeral directors and preneed professionals may feel this is an inappropriate time to reach out with a prearrangement message. What you have to remember is that lots of folks are stuck at home. They're doing a lot of worrying, thinking and surfing the web for answers to all kinds of questions. Many are connecting with family members using videoconferencing platforms.

One recommendation we're making to our customers and agents is to reach out to anyone who has expressed an interest in prearranging in the past, using the following approach:

"I am reaching out to you today because of an increase in questions we have been receiving about advance funeral planning. Because you've previously considered prearranging, I want to make sure you know it's now possible to do this from the safety and privacy of your home. We use secure technology that has made prearranging convenient and accessible to more people than ever. You can email or call us any time you are ready, and we can walk you through the process."

It's completely understandable to be wary of ap-

pearing to take advantage in uncertain times, so start by reaching out to families with whom you already have relationships. Here's what funeral professionals might say to individuals who have already prearranged:

"I write you today because of an increase in questions we are receiving about advance funeral planning, both from people like you who have already prearranged and from others who are inspired by this health emergency to think about the 'what ifs.' We want you to know that we are available to assist.

"As someone who has already thought about the 'what ifs' and has their arrangements in place, now is a probably a good time to make sure family members know that you have an advance funeral plan in place. Perhaps you might recommend that others make the same smart decision you did. In fact, more than half of the people who have prearranged with us say they were referred by someone we previously served.

"For those who decide they need to make plans now, we are able to help them from the safety of their home over the phone. We use secure technology that has made prearranging convenient and accessible to more people than ever."

This content may, of course, be adapted to any medium. Make sure you're using social media to let folks know of your capabilities and resources. If you know people in local media (radio, TV, newspaper), give them a call and tell them what you're experiencing as a funeral director and how you're helping families. If nothing else, confirm that folks know that Homeland Security has declared funeral directors as an essential function in communities and what that means to their audience.

#### **WHAT IF A FIRM IS NOT SET UP ELECTRONICALLY?**

Some of the nationally known preneed funding companies have by now implemented compliant, online solutions to allow for distance selling at this time, requiring only an Internet connection and no local system software installed. It's important to let families know via telephone, email, social media and on your website that you can help while they are sheltered in place.

#### **HOW WILL PRENEED BE AFFECTED IN THE SHORT TERM AND LONG TERM? WHAT DOES THE PRENEED DATA TELL US?**

For years, all Homesteaders' policy owner studies have indicated strongly that end-of-life experiences are a trigger for considering or making prearrangements. We are hearing from our funeral home customers and preneed professionals that they are receiving more unprompted preneed inquiries than before our health emergency.

The reasons cited for prearranging are more compelling now than ever: "It fulfills a responsibility," "Relieves a financial burden [from spouse/kids]," "Relieves an emotional burden [from spouse/kids]." So, in the short term, as long as consumers know it is available and easily obtained, preneed will be fine. To be direct: If funeral directors and preneed professionals can accept the fact that people actually do think about "what ifs" during times like these, it then becomes an obligation to reach out and communicate the advance funeral planning value proposition.

In the long term, all folks need to know is this: The preneed funding marketplace generates \$4 billion annually, split about 50-50 between insurance and trust. Based on the most recent consumer studies, only about 25% of likely prearrangers even know it is available. Add to this the fact that a huge number of baby boomers are coming into the average prearrangement age (73-74) and the long-term opportunity to serve millions more consumers is quite favorable.

The current health crisis should be viewed as a practice run for the funeral and preneed professions in terms of what might be viewed as barriers to preneed sales, such as, "I'm too busy with funerals to do preneed" or "I don't have the resources available to market and sell preneed."

The preneed target market is estimated at 70 million (this takes into consideration the living baby boomers and leading-edge Gen-X segments), and we owe it to families to assist them regardless of when a funeral will occur, especially during a time like this. Our stance is that every funeral planning opportunity, whether it presents itself (walk in or log on)

Year	# of Funded Prearrangements Remaining (8% per 1,000 annual reduction)	# of People Served Via Preneed Policies	Future Revenues Present Value
2021	1,818	14.6	\$80,300
2022	1,803	14.4	\$79,200
2023	1,788	11.5	\$63,250
2024	1,773	10.4	\$57,200
2025	1,758	10.2	\$56,100

*Example does not include persistency or other irregular assumptions.*

pletely” to “very” satisfied with their decision; 5% are “fairly well” satisfied. None is “not at all satisfied.” Here’s another data point: Nearly 40% of prearrangers recommend it to someone they know within a month of planning, 14% say they plan to recommend prearranging and 42% say they would consider recommending it.

or comes from a marketing lead, is an “immediate” need. When a consumer raises her hand because someone has died or she wishes to plan in advance, she needs something right now. How foolish is it to prioritize serving one over the other, especially when tools are available to help in both situations?

Assume you have \$10 million in preneed on the books. Your future revenue growth depends on continued preneed sales. Let’s walk through an example: \$10 million in preneed (10-year block) translates to 1,818 funerals (\$5,500 average prearrangement amount). The current death rate is approximately 8 per 1,000 population. Take a look at the following chart to see the five-year effects of not adding to your block of future business:

The chart above assumes no additional prearrangements, which is unlikely since there are always walk-ins. But it illustrates a pretty large hole in a firm’s revenue bucket when the decision is made to pause on actively meeting the needs of likely preneed consumers. Not only is it a missed opportunity for serving a family, it’s a missed opportunity to provide a viable income for a dedicated preneed associate who can be responsible for a compelling revenue stream for future success.

Going back to the data, Homesteader policy owner studies indicate that 94% of prearrangers are “com-

Professionals and marketers in any field would love to have satisfaction and referral numbers that high, along with a population of likely consumers coming into play that’s the size of the baby boomer bubble. It’s game-changing.

But it all comes down to awareness. When people learn about the preneed value proposition, most respond quite positively. When they do plan ahead, they have a positive enough experience that they proactively tell others to do the same. At this time, not enough people are doing it to create awareness on a scale that can effectively reach the large, underserved market, and that needs to change.

Based on data that may explain why preneed professionals and funeral homes are experiencing an increase in interest for preneed and the impact of refraining from answering this demand, it is vital that funeral home owners continue promoting the advance funeral planning value proposition at this time. Consumers are definitely thinking about “what ifs” while they are seeing media reports about this catastrophic health emergency and experiencing coronavirus in their own communities and families. At this time, it’s even more important for funeral professionals to rise and meet the challenge of answering both types of “first calls.”

**MBJ**

## FTC Extends Comment Deadline for Funeral Rule Review to June 15

**WASHINGTON, D.C.** – The FTC is extending by 60 days the deadline to submit comments as part of the agency’s review of its Funeral Rule. The deadline was originally April 14 and is now June 15.

The FTC announced in February that it would accept comments on a wide range of issues related to the Funeral Rule. In response to requests from potential commenters for an extension due to the