Future Profits

Tied to Adoption of New

End-of-Planning Trend

By Mark Colgan, CFP

Just as the current generation of seniors defined retirement planning a few decades ago, the baby boom generation — most of whom are currently in their 50s and 60s — will define and embrace end-of-life planning with an unprecedented urgency and sense of acceptance than any other previous generation.

You must act now to start differentiating your business — not on price, but on services. One of the highest potential markets for such services is that of the widow.

You can already see signs of this emerging trend if you look at the popularity of television programs such as HBO's weekly series "Six Feet Under" and the recent miniseries "Angels in America."

Independent funeral directors have an incredible opportunity to add value to existing client relationships, build multigenerational loyalty and preserve revenue by acknowledging the changes in consumers today and adding new services — rather than focusing on products — to accommodate this strong, growing end-of-life planning trend.

A new survey, released by the National Funeral Directors Association this past November, found that of the U.S. adults who want funerals, 62 percent want some form of personalization, and they are looking to you to become more of a funeral *planner* than a funeral *director*.

Beyond its penchant for personalization, this up-and-coming, aging generation appears to be pushing the funeral industry backwards as they increasingly embrace two burial traditions that haven't been commonplace since the Civil War — at-home funerals and "green" burials.

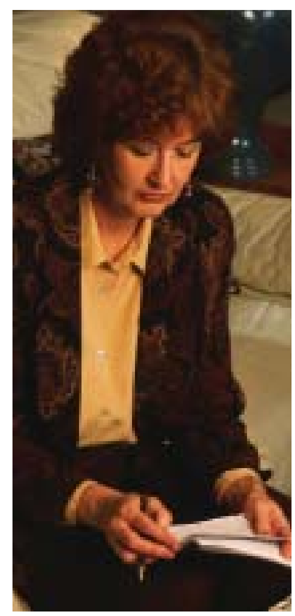
In addition, the demand for cremations has been growing exponentially and is now expected to account for more than 40 percent of funerals by 2025. That is certainly a dramatic change over the 4 percent seen in the 1960s; but it does reflect the increased mobility of our society and a desire to personally scatter ashes in more meaningful ways and places.

The Competition

Some days it seems as if everyone wants a share of your business. Caskets are now on clearance and being sold directly to consumers. Gulf Coast casket stores are popping up all over the United States with their now famous mantra, "Life is expensive, death shouldn't be." Even behemoth retailer Wal-Mart is looking at offering caskets at "Always low prices." Even funerals are being offered these days at nearly a 50 percent discount.

Ironically, these changes also can be seen as an opportunity; but you must act now to start differentiating your business — not on price, but on services. One of the highest potential markets for such services is that of the widow.

Today, there are 8.5 million widows, and more than 700,000 are being added every year. While half of all married women will be widowed by 65, the average age of a widow today is just 56. Most of these relatively young women simply are not prepared for the mountain of paperwork and critical decisions awaiting them, despite the fact that, at some time in their lives, nine out of 10 women will become solely responsible for managing their own finances.



The results can be disastrous. Statistics show that almost one in four women is insolvent within two years of her husband's death. And nearly 75 percent of widows now living in poverty were not poor when their husbands were alive. So helping these women cope is not something that's just nice to do, it's a necessity. Here are three areas to focus on right now:

Become a gatekeeper of community resources.
Most funeral homes today have some type of aftercare program, but few have a program that bridges the emotional needs with financial and legal concerns. While funeral directors cannot be expected to become financial advisors, attorneys or accountants, they can

create a strong foothold in this growing market by gaining a reputation for being in tune with the unique needs of female survivors.

To launch a financially sensitive aftercare program, it will be important to start acting as a gatekeeper for referrals to local professionals who, like you, truly understand how to work effectively with widows and their families. In addition to grief counselors, therapists and community support groups, consider adding certified financial planners, certified public accountants and estate attorneys to your resource list. Consider co-sponsoring seminars on discreet topics to maintain contact and stay in communication with the widow and her family.

2

Provide access to critical financial and legal information.

While still in a state of shock and disbelief, survivors will be forced to organize paperwork, collect benefits, monitor cash flow, manage a wide range of assets and liabilities, and process the estate while fending off manipulative relatives and other personal and social pressures. The survivor may also become a victim of identity theft — now the fastest-growing crime in the United States.

Take this opportunity to expand your library to include books and other materials that address financial challenges and guide survivors through the labyrinth of decisions awaiting them. You also could offer financial planning diaries that would allow them to record critical information, not only about financial and legal issues, but about how they would like their affairs to be handled.

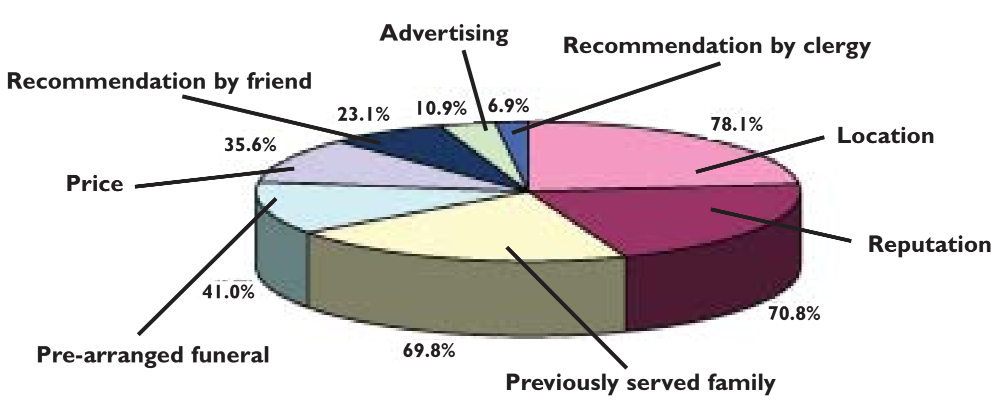
A strong personal relationship with your families will go a long way toward helping them make better decisions and rebuild their lives, while reinforcing your reputation for caring beyond the sale.

3

Extend your support to help clients plan for family continuity.

By empathizing with your clients and keeping the lines of communication open, you can begin to help widows see how the lack of pre-planning made a bad situation even worse. You can help them to understand their options for making their hopes, dreams and wishes known to their survivors. And you can begin to develop relationships with the multiple generations of the family by talking about pre-planning and pre-paying options. Again, be prepared for the strong desire for personalizing the funeral, and be flexible enough to respond positively to even the most seemingly ludicrous request. As the chart below indicates, building this relationship and assisting the family in planning is one of the strongest indicators of future business.

Reasons for Selecting a Funeral Home



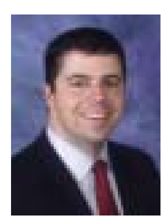
Source: NFDA Family Contact Survey, December 2002

Editor's Note: The next issue of *The Independent* will feature a report on the consumer survey ("Study of American Attitudes Toward Ritualization and Memorialization: 2004 Update") recently completed by Wirthlin Worldwide and commissioned by the Funeral and Memorialization Information Council and supported in large part by OGR.

In Summary

The death of a spouse is one of the most stressful times in a person' s life. In addition to your reassurance, sympathy and grief support, providing the survivor with financial and legal guidance is also an appropriate role for you as the industry evolves to accommodate changing consumer needs. A strong personal relationship with your families will go a long way toward helping them make better decisions and rebuild their lives, while reinforcing your reputation for caring beyond the sale and — enhancing your chances for more referral business. Finally, the gratification you receive from helping someone avoid a potential financial or legal disaster at such a difficult time is what truly makes the job of a funeral director so personally and professionally fulfilling. I

About the Author



***Mark Colgan, CFP**, is president of Colgan Capital (www.colgancapital.com), an independent financial services practice specializing in the needs of families, widows, widowers and domestic partners. Colgan is a certified financial planner and is licensed in securities and life and health insurance. He is a member of the Financial Planning Association. Colgan has spoken on a wide range of financial planning issues and last November presented OGR's audio seminar, "Helping Survivors Get Their Financial Matters in Order." Inspired by the challenges he faced as a young widower, Colgan authored* The Survivor Assistance Handbook: A Guide for Financial Transition *and* The Survivor Assistance Diary.