

Life Cover v Funeral Cash Plan

Written by DFPC News
Wednesday, 25 July 2012 21:22

Funeral Cash Plan, as the term alludes to, is a final expenses policy structured to pay out **CASH** to take care of any end of life expenses such as funeral costs and/or body repatriation. Unlike many funeral plan options available, the Diaspora Funeral Cash Plan is designed to pay out cash not to provide funeral director services. This guaranteed cash payout gives bereaved families the flexibility to pay for things like body repatriation, if need be.

The three biggest advantages of Diaspora Funeral Cash Plan over a standard life cover are that the plan offers:

- **Guaranteed acceptance,**
- **No medicals at all, on application nor claim, and**
- **Immediate cash payout on proof of death.**

The Diaspora Funeral Cash Plan is not a substitute to life cover. The plan is meant to meet a specific need, that is, the need for immediately available on death which guarantees a dignified send off. The qualification requirements are generally more lenient and the cover amounts are lower. If you want to leave a big lump sum to cushion your family and loved ones from the long-term effect of loss of your income in the event of death, then you would be well advised to look at standard life cover insurance.

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The Diaspora Funeral Cash Plan is, in every sense, a whole of life assurance product with the some added advantages. Both products are permanent, meaning that once issued you can keep them in force and payout is guaranteed on death, whenever it happens. With a standard whole of life you pay premiums until death and if you stop the policy lapses and the cover stops. The Diaspora Funeral Cash Plan offers an added advantage in that you only pay premiums for 20 years after which you remain covered indefinitely for free, no more premium payments.

Life cover policies take different forms, notably term assurance and whole of life assurance. Term assurance is a life cover policy which covers you for a given period, say 25 years for example, and once cover period lapses the policy stops and so does the protection. This is mainly because the need for protection maybe for a defined period.

Feature or Benefit

Diaspora Funeral Cash Plan

Standard Life Cover

Guaranteed Acceptance

Yes

No

– its subject to medicals

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No Medicals on application

Yes

No – its subject to medicals

No medical on claim

Yes

No – subject to medical and checking for things like non-disc

Guaranteed payout on claim

Yes

No - subject to medical and checking for things like non-disc

Immediate payout on claim

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Yes

No

- subject to medical and checking for things like non-disc

Guaranteed to cover end of life expenses covered

Yes

No

- Assuming that burial happens within a few days of dea

Fixed/Guaranteed monthly premium

Yes

Generally offered on guaranteed or reviewable basis

Cover amounts

Up to U\$20,000

Up to US\$ millions

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Diaspora Funeral Cash Plan is designed to be very lenient on health conditions as it offers guaranteed acceptance, no medicals. Comparatively, the plan guarantees immediate cash payout on proof of death and the plan is issued with lower cash values, that is, from \$2,500 up to US\$20, 000. Standard life policies generally have a minimum cover amounts which are higher but an applicant would have to be in good health to qualify for cover.

So, for the person whose liquid assets or cash savings are low and needs a few thousand dollars to cover the end of life expenses which may include body repatriation, the Diaspora Funeral Cash Plan can be a problem solver.

It can be a good idea to have a funeral cash plan running alongside a standard life insurance plan. This would mean that the beneficiaries of your cover would not have to use funds from your main policy to pay for the things that your funeral cash plan would take care of. It's not a nice thing to think about, but somebody will have to pay for your funeral when you do go. If you don't want to add to the stress that your nearest and dearest will be going through when you do go, a policy like this can be a good way of easing the pressure.

You'll also be able to make detailed plans about what sort of funeral you will have, if this is the sort of thing that bothers you. Some people have very solid ideas about what they would like their big send off to consist of, while others are not so bothered.

Protect yourself, protect your family, protect your dignity it's your responsibility.