

## **Preplan Your Funeral**

Have you ever thought about arranging your funeral in advance? Probably not an appealing idea for the average healthy adult. However if you are willing to face the subject of your own death, there are numerous advantages, some of them financial.

I thought about this topic because, last month my father-in-law passed away in Ontario and my family and I travelled back to Toronto to attend his funeral. I was especially impressed with how little we had to do upon our arrival for the funeral. It seems that some preplanning by my father-in-law had already taken place several years prior to his death. A plot was bought a long time ago. He communicated that when he passed away he wanted to be cremated and the ashes buried in the plot in Waterloo Ontario where he resided for several years after he retired from the Canadian Air force as a navigator in World War II.

The thing that impressed me most about the whole process surrounding the funeral was that he also wrote his own Obituary and he did this in 1975. So in death, he had a hand in communicating the message he wanted the world to know about him while he was alive.

Prearranging and prepaying for your funeral can guarantee that you will have your wishes observed, as well as save your estate money. That's because once you've chosen what you want and pay for it in full, the funeral home becomes responsible for any future increase in price over the period during which the prearranged contract is in effect.

For many people, the attraction of preplanning a funeral is more about having control over how it turns out, from the kind of casket you prefer to the readings you want at your service. I can say that if my father-in-law had not indicated he wanted to be cremated and buried in his plot in Waterloo Ontario next to his second wife, he likely would have been buried in a location that was convenient for all concerned in Toronto.

There is also a quirky provision in the Income Tax Act called Eligible Funeral Arrangements (EFA) an investment vehicle designated to help you save money towards your funeral costs. It allows you to contribute up to \$15,000 for funeral services and \$20,000 for cemetery services, to a maximum of \$30,000 for both. The money grows tax-free until needed, much the way RRSP contributions do. Even better, if the money is used after death for funeral or cemetery services, no taxes are levied on it.

However, contributions to EFAs are not tax deductible, and if the EFA is cashed in before death, or if there are funds left over after the funeral costs have been paid, then taxes do apply.

Having experienced the death of my mother at age sixty very suddenly, and my father-in-law passing away at age ninety five, there is much to be gained and very little to be lost in taking advantage of prearranging your funeral.

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