FIELD GUIDE · THE PLAN

Pre-Need Planning

How to pay for a green funeral — the money question nobody wants to ask while they are still alive.

Here is a fact the green burial world rarely discusses: you can plan the most thoughtful, beautifully intentioned funeral on earth, and it will not happen if the money is not arranged. When a person dies, the family is usually expected to pay for disposition within days. If funds are tied up in probate, if accounts are frozen at death, or if the family simply does not have several thousand dollars liquid, the path of least resistance is whatever the local funeral home offers on a payment plan — which is rarely the green option.

Pre-need planning — making and funding arrangements before death — is the financial infrastructure that makes intentional choices possible. It is also a sector with real consumer-protection risks, uneven regulation, and a few outright traps. This guide covers the instruments available, their advantages and risks, and what to avoid.

The Financial Instruments

PRE-NEED FUNERAL TRUST

You pay a funeral home or a third-party trust in advance for specified goods and services, and the money is held in a state-regulated trust until death, then released to pay for the funeral. The advantages: your wishes are documented and funded together, the funds are legally earmarked, in most states they are exempt from Medicaid asset calculations, and some trusts earn interest that offsets inflation. The risks: if the funeral home goes out of business, recovery of your trust through the state process is possible but not guaranteed — the single biggest risk here. Some contracts guarantee the price at purchase; others only guarantee the current price and bill the family for the difference later. And most pre-need contracts are built around conventional services, so a green burial at a specific natural cemetery with a specific biodegradable casket needs to be spelled out precisely.

PAYABLE-ON-DEATH BANK ACCOUNT

A regular savings account with a “payable on death” beneficiary. While you are alive the account is yours; at your death, the beneficiary brings a death certificate to the bank and receives the funds immediately, outside probate. The advantages: no counterparty risk, since the money is in a federally insured bank rather than a funeral home’s trust; full flexibility, since the beneficiary can use the cash for any arrangement, including a casket from any source; and simplicity. The risks: no price lock, so the amount set aside may not keep pace with inflation; beneficiary discretion, since the money passes as cash with no legal obligation to spend it on the funeral; and no documentation of wishes, so you need a separate statement. For many people this is the simplest option — a payable-on-death account plus a written statement of wishes — though payable-on-death balances are generally counted as assets for Medicaid eligibility.

FUNERAL (FINAL-EXPENSE) INSURANCE

A small whole-life policy marketed for funeral costs. You pay monthly premiums, and at death the insurer pays the face value to a beneficiary. The advantages: a guaranteed payout once in force, manageable premiums, and proceeds generally exempt from Medicaid asset calculations. The risks: you will almost certainly pay more in premiums over time than the policy is worth — if you can fund a payable-on-death account or trust instead, insurance is the more expensive route — and many policies have a waiting period. The market is aggressively marketed to seniors.

EXISTING LIFE INSURANCE

If you already have a policy, a portion of the death benefit can be designated for funeral costs at no additional cost. The catch is timing: payouts can take weeks, while the funeral home expects payment within days, so the family may need to front the costs and be reimbursed.

IRREVOCABLE FUNERAL TRUST

For people planning to apply for Medicaid, an irrevocable funeral trust lets you set aside a defined amount, exempt from Medicaid’s asset limit. It is irrevocable — once funded you cannot withdraw it — and can only be used for funeral expenses. This is a Medicaid-planning tool, not a general one.

What to Avoid

Pre-need contracts from funeral homes you have not vetted — research the home’s stability and complaint history, and ask what happens to your money if it closes. Any arrangement that locks you to one home with no transfer option, since circumstances change. Final-expense insurance sold under high-pressure tactics — if someone is rushing you, walk away.

And any seller who discourages you from involving your family; your plan should be known to the people who will carry it out.

How Much to Budget

Costs vary widely by method and region, so the useful approach is a principle rather than a number: set aside enough to cover the disposition itself, a simple container, any cemetery or facility fees, and a modest gathering. A shroud burial at a natural cemetery sits at the lower end; a conservation burial with a premium coffin and a larger ceremony at the higher end. Build in a cushion for inflation, because the gap between planning and need can be years or even decades.

Bringing It Together

Pre-need has two halves — the funding and the intentions — and they belong together. A payable-on-death account paired with a clear written statement of wishes is the simplest, most flexible arrangement for many people; for Medicaid-planning needs, an irrevocable funeral trust and an elder-law attorney are the right route. Whatever instrument you choose, document what you want and make sure the people who will carry it out know the plan.

A NOTE ON THIS GUIDE

This guide is for general information and reflects conditions as of 2026. Legal status, availability, and costs change over time; confirm current details before making arrangements. Nothing here is legal, medical, or financial advice.