

Business

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Preneed Profitability

Improve the Profitability and Sustainability of Your Preneed Trust by Focusing on Strong Recordkeeping and Back-Office Operations

The financial performance of preneed trusts is one of the most important drivers of profitability and sustainability in the death-care profession. While many funeral directors and cemeterians know how preneed trusts work, far too many are unfamiliar with how just a few factors can determine whether your trust assets are contributing to the bottom line or costing you money.

Preneed contracts can range between 20% and 40% of a firm's total revenue, so it is imperative that income is maximized and that you are managing the steady stream of documentation and records as efficiently as possible. Here are four areas to focus on to make the most of your preneed program:

1. Keep trust investment performance at your fingertips.

One of the most important questions to answer when reviewing your preneed trust program is this: Are trust fund assets increasing enough in value so that when the contract is fulfilled, the balance will total to more than the cost of services?

While trust investment performance is critical, what is equally important is the need to simply have a clear picture of that performance at any time. In addition to receiving monthly statements, you need reports that show how trust funds have performed over one-year, three-year, five-year and, if applicable, 10-year time frames. There are no guarantees in investing but having accurate and timely financial information at your fingertips will help you determine if changes need to be made to achieve your firm's preneed trust goals.

2. Mitigate compliance risk through digital recordkeeping tools.

Put simply, if your preneed trust records are not accurate, then you could face regulatory penalties, such as a monetary fine or, even worse, losing your license to sell preneed contracts. Death-care professionals should have proper internal policies and procedures in place to ensure that preneed trust transactions are recorded correctly and in a timely fashion in accordance with state and federal laws.

Funeral directors and cemeterians also must make sure that trust income is recorded correctly. An error in the distribution of monthly earnings, for example, could result in a costly fine from regulators.



Falling out of compliance and being subject to penalties could be as simple as missing a deposit deadline. Firms would benefit from informal and formal reviews, no less than annually, with their legal counsel and recordkeeper to ensure their trust and records are in order when your regulator comes knocking.

3. Improved efficiency means more time spent with families.

Like most businesses, labor (salaries and wages) is the largest expense for death-care firms. Considering this, the daily tasks and productivity of your staff will heavily influence the profitability and sustainability of your firm. Put another way, the more time your employees are spending time on manual and repetitive tasks, such as contract data entry, the less time they have to interact with and serve members of your community.

To serve more families and support your firm's sustainability, death-care professionals need to

make the most of the contributions of their team members – and digital technology can be your best friend for making that a reality. User-friendly software platforms make it easier and quicker for your team to access files, process new preneed contracts, help families sign documentation digitally and monitor every detail of your trust program and contracts at any time. That's less time spent doing back office work and more time serving families and your community.

4. Don't let clerical mistakes damage your reputation.

One of the quickest ways to tarnish your firm's hard-earned reputation for quality service is by making mistakes on contracts and preneed financial reports. Not only will it harm your company in the eyes of clients and make it more challenging to general business referrals, but you also risk unwanted attention by regulators.

Reputation and trust are everything in end-of-life planning. While the reality is that we are all human and make mistakes, you can limit those errors by utilizing recordkeeping technology that auto-calculates contract details and payments, giving you peace of mind that the strong relationships and reputation you've proudly built over the years will remain intact.

Preneed trust programs will continue to be an important growth engine for death-care firms. By thoroughly monitoring investment performance and using digital tools to enhance efficiency, improve compliance and maintain their reputation, funeral directors and cemeterians will maximize the profit potential and sustainability of their firms. •