

## **Cremation Services: Highly Variable and Misleading Pricing, Lack of Disclosure, and Violation of Federal Rules**

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In the fall of 2015, the Funeral Consumers Alliance (FCA) and the Consumer Federation of America (CFA) released a report on the practices of funeral homes that revealed high and variable pricing that often was misleading, and the failure to disclose these prices. This new report on cremation services represents an important supplement to our initial study because these services have been rapidly growing. In 1970, there were only 150,000 cremations. By 1999, that number had grown to nearly 600,000, representing about one-quarter of all funerals. And in 2016, there will be an estimated nearly 1.6 million cremations, representing about one-half of all funerals.

This report examines the prices of these cremation services and their disclosure. It reveals not only that these prices are highly variable, but also that a significant minority of funeral homes are violating consumer protection regulations by not telling consumers about their options and the prices of these options. In addition, our research shows that more than 20 percent of funeral homes are using a loophole in the Funeral Rule to avoid telling consumers the true cost of cremation services. At these funeral homes, the true cost of a cremation is at least \$200 more than the advertised price, and sometimes as much as \$595 more.

This survey examined prices from 142 funeral homes in 10 metropolitan areas around the US, as well as on the websites of those same funeral homes. Our purpose was to learn what funeral homes were charging for cremation services and the percentage of funeral homes compliant with consumer protection regulations by fully disclosing consumer options and retail prices for a simple cremation. “Direct Cremation” is a simple cremation with no ceremonies, viewing of the body, or a casket. The Federal Trade Commission’s “Funeral Rule” requires all funeral homes to offer two options for this simple, no-frills cremation:

- The price of Direct Cremation when the customer supplies their own casket or cardboard “alternative container” to hold the body prior to cremation, such as a homemade casket or a container bought from a third-party retailer
  
- The price of Direct Cremation when the customer buys the funeral home’s least-expensive alternative container

Because the funeral transaction is a “distress purchase,” the Federal Trade Commission enacted the Funeral Rule in 1984. The Rule requires funeral homes to give customers clear price information, the right to buy funeral services item by item instead of in a package, and the right to buy merchandise such as caskets from outside the funeral home without incurring a penalty fee.

## Summary of Results

Of 142 funeral homes and cremation businesses surveyed:

—prices for Direct Cremation ranged from \$495 to \$7,595.

— 33 (23%) of funeral homes failed to list legally required options and disclosures on their general price lists. **This is a direct violation of the Funeral Rule.**

—Of the 46 funeral homes that post Direct Cremation prices on their websites, 12 (26%) failed to offer these options and disclosures. If the Funeral Rule applied to websites, these would be in violation.

—Thirty-one of the surveyed funeral homes (22%) advertised a price for their Direct Cremation package that failed to include the cost of the cremation process itself, making the price for a simple cremation seem artificially low. Though this is not a direct violation of the Funeral Rule, it is inherently deceptive and the FTC should bar this practice.

## Prices Range Widely

Most consumers expect to find a range of prices for any service or merchandise they purchase. However, most Americans are surprised at how wide the variation can be for funeral and cremation services. We might expect a price difference of between 10 and 30 percent among competing electronics retailers, home-cleaning services, or car dealers, for substantially the same product or service. But funeral and cremation prices routinely vary by 200 to 300 percent, and sometimes more, all for basically the same service, and all within the same city.

Our fall, 2015 survey of prices confirmed this price variation (the same data set was used for this current survey).<sup>1</sup> The range of prices nationwide for Direct Cremation among the 142 funeral homes surveyed was \$495 to \$7,595. Wide price variation existed within each metropolitan area as well.

**Table 1: Cremation Price Ranges by Metropolitan Area**

Direct Cremation Price Ranges	Low	High
Atlanta	850	3495
Denver	905	2965
D.C.	1295	7595
Indianapolis	895	3030
Minneapolis	730	2995
Philadelphia	1095	3200
Princeton	850	4040
Seattle	495	2995
Southern California	945	3395
Tucson	589	2295

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<sup>1</sup> Consumer Federation of America and Funeral Consumers Alliance released a survey of prices for simple cremations and burials as well as full-service funerals in October, 2015.

Quality of service is, of course, one reason why prices vary among service providers of any type. But that cannot adequately explain the wide variation among funeral businesses who are providing the same cremation service. Direct Cremation does not vary in any measurable way between one funeral home and another. No matter which funeral home you patronize, a Direct Cremation will consist only of picking up the body, filing necessary state paperwork, transporting the body to the crematory, and returning the ashes to the family. There are no ceremonies included, no casket, and no ornamental urn aside from the basic container in which the ashes are returned.

Clear and consistent price disclosure for funeral and cremation services is essential. There may be no other retail transaction where the consumer is on such unequal footing with the seller. A lack of general knowledge about “what’s required”, combined with the emotional stress of a death, make the funeral purchase uniquely difficult.

### **Cremation Sold Separately**

We also found that more than 20 percent of funeral homes advertised cremation prices that *do not include the cremation of the body*. Many funeral homes do not own their own cremation equipment; instead they use third-party crematories. These crematories typically charge between \$250 and \$400 to perform the cremation on behalf of the funeral home. But 31 price lists (22%) failed to disclose this additional charge. Of 46 websites, four did not disclose this charge.

As many grieving families have asked when contacting Funeral Consumers Alliance, “What am I actually paying for if this price doesn’t include the cremation?”

The Funeral Rule itself is partially responsible. It does not explicitly require funeral homes to include the third-party crematory fee within the advertised Direct Cremation price. Neither does the Rule require funeral homes to list the additional crematory charge directly adjacent to the charges for a Direct Cremation. An FTC staff advisory opinion from 2004 confirmed this position, and states that funeral homes can treat the actual cremation charge as a “cash advance” item. The Rule requires cash advance items to be disclosed on the itemized statement of goods and services selected that customers receive after the sale is made but before the contract is finalized. We believe this is insufficient, and that it is a deceptive practice to advertise the cost of a service that does not actually include that service.<sup>2</sup>

Every adult consumer of ordinary competence would expect that a Direct Cremation priced at \$1,000 would include cremation—the service itself is in the name right next to the price. The absurdity of the situation is easily seen by substituting a more familiar, everyday transaction. Imagine a restaurant offering a Friday lobster dinner special for \$39.95. If the restaurant followed funeral industry practices, the final bill given to a diner would appear this way:

Lobster special----\$39.95

Lobster fee----\$9.95

TOTAL: \$49.90

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<sup>2</sup> Federal Trade Commission, Staff Advisory Opinion 04-03, April 27, 2004. Accessed at <https://www.ftc.gov/policy/advisory-opinions/opinion-04-3>.

Consumers would never accept this. It is inherently deceptive and it is unlikely many restaurants would adopt this practice. Yet it is considered unremarkable by a significant minority of funeral homes. A cremation for a loved one is, of course, far more serious and costly than a restaurant meal. The Federal Trade Commission should act swiftly to bar this deceptive practice.

**Table 2: Results From Funeral Home General Price Lists**

City or Region	Number of Funeral Homes Talled	Number Failing to Disclose Direct Cremation Options	Number Failing to Disclose True Cremation Cost
Atlanta	18	13	7
Denver	15	6	1
District of Columbia	15	2	1
Indianapolis	9	1	0
Minneapolis	16	2	5
Philadelphia	12	3	4
Princeton	13	0	11
Seattle	12	3	1
Southern California	17	2	1 (two additional are unclear)
Tucson	15	1	1
<b>TOTALS</b>	<b>142</b>	<b>33</b>	<b>31</b>

**Table 3: Results from Funeral Home Websites**

City or Region	Number of Websites That Post Direct Cremation Prices	Failing to Disclose Direct Cremation Options	Number Failing to Disclose True Cremation Cost
Atlanta	2	2	2
Denver	6	5	0
D.C.	2	2	1
Indianapolis	0	-	-
Minneapolis	7	1	0
Philadelphia	2	0	0
Princeton	1	0	0
Seattle	9	3	1
Southern California	12	3	1
Tucson	5	5	2
<b>TOTALS</b>	<b>46</b>	<b>12</b>	<b>4</b>

**Method and Examples**

Our goal was to determine:

a) how many funeral homes were complying with federal rules requiring clear and complete price disclosures

b) how many were concealing the true cost of cremation by failing to alert customers to third-party fees.

Many funeral homes use third-party cremation facilities, and the fee from these facilities ranges generally from \$250 to \$595.

To find the answer, we analyzed the General Price Lists of 142 funeral homes from 10 metropolitan areas around the country. These were gathered by researchers in 2015, drawing from random lists of funeral homes in each of the 10 metropolitan areas.<sup>3</sup> We also analyzed the websites of these funeral homes to compare their on-paper services and prices to how those are presented online.

Judging funeral home compliance:

—We marked funeral homes as compliant with FTC disclosure rules when the business offers options and prices for both Direct Cremation when the customer supplies his own casket or container, and Direct Cremation when the customer buys the container from the funeral home.

—We judged funeral homes to be hiding the true cost of cremation when the description of Direct Cremation does not explicitly include “cremation,” “the cremation process,” or “crematory fee”.

**Example 1**— Funeral homes that comply with the requirement to give prices for a direct cremation with and without a container typically list their fees this way:

*Georgia Memorial Park Funeral Home and Cemetery*

Direct Cremation: Our charges for direct cremation (without ceremony) include crematory fee, Transfer of Remains to the Funeral Establishment, refrigeration, transfer to or from crematory, service vehicle, Basic Services of the Funeral Director and Staff.

Direct cremation with container provided by the purchaser . . . . \$2,760

Direct cremation with Cardboard Container—Heavy Cardboard, No interior . . . . \$2,905

**Example 2**—Funeral homes that violate this FTC requirement typically list their fees this way. Notice the lack of an option or a price for those consumers who supply their own casket or cremation containers:

*William Gayleano Murray and Son Funeral Home*

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<sup>3</sup> Our target was 15 funeral homes per metropolitan region. In some cases, we had to exclude funeral homes because their price lists were too confusing to make an accurate determination of even their advertised price for a simple cremation. In other regions, we included more than 15 price lists if researchers were able to gather additional price sheets to bring the aggregate total of surveyed funeral homes as close as possible to 150.

Direct Cremation. . . . \$850

This charge includes: cremation (without ceremony) and includes transportation from place of death (within 50 mile radius), administrative and staff services, refrigeration, cremation container, cremation, and filing of death certificate.

**Example 3**—The Funeral Rule requires businesses to list all the services that are included with a package such as Direct Cremation. We consider funeral homes to be hiding the additional cost of cremation when their description of services for Direct Cremation does not explicitly mention the cremation process. It is possible that some of these funeral homes do include the cost of the cremation itself within their Direct Cremation price. But it is not possible for researchers to know this, and it is even more opaque to grieving consumers.

We also judged funeral homes to be hiding cremation costs when the crematory fee is not included in Direct Cremation, and is listed separately in a way that's difficult for consumers to find. For example, a few funeral homes noted that their Direct Cremation costs did not include the fee, and then listed the fee several pages deeper within the price list. Some funeral homes buried this fee in long, alphabetical lists of third-party cash-advance items on the final page.

Some funeral homes explicitly tell customers that their Direct Cremation charge does *not* include the actual cremation, but then fail to list that additional charge anywhere on the price list:

Willie Watkins Funeral Home, Inc.

Direct Cremation. . . . \$1,175

Our charge for direct cremation includes removal of remains, local transportation to crematory, necessary authorizations and basic services of staff. Our charge **does not include the crematory fee** or the use of facilities or staff for any public or private visitation or service prior to cremation.