NurseFinalExpense

FREE GUIDE

The nurse's guide to final expense insurance

Plain answers for nurses, aides and the family members who manage a parent's care

Final expense insurance is a small whole life policy, usually $5,000 to $25,000, that pays a person you name. This guide is for people who read charts all day and want the same clarity from an insurance page.

1. What it is, in chart language

A final expense policy is a small whole life contract. The premium is set when you buy and does not rise. When the person insured dies, the insurer pays the named beneficiary, who can spend it on the funeral home, the cemetery or crematory, a last medical bill or rent while the family sorts things out. Most plans use a short list of health questions in place of an exam.

$8,300
Funeral with a viewing and burial
2023 national median, NFDA, before cemetery costs

$6,280
Funeral with a viewing and cremation
2023 national median, NFDA, before cemetery costs

General education, not insurance, legal or tax advice. Figures are examples unless a source is named. Prices and rules vary by state and insurer.

2. Three plan types

Plan type	What the insurer asks	Death from illness in the early years
Level benefit	A short health list, no serious recent items	Full benefit from the first day
Graded benefit	The same list, with a recent or ongoing condition	A partial amount at first, full after the graded period
Guaranteed issue	No health questions	Premiums returned, often with interest, during the waiting period

> On many graded and guaranteed plans, accidental death pays in full from the start. Ask the agent to confirm it for the plan you are offered.

3. Hospital group life and a policy you own

Group life through a hospital or agency is an employee benefit. It is often one or two times salary, and it usually ends when the job ends. Some plans allow conversion or continuation for a short window. A policy you own does not care which employer is paying you this quarter.

- Ask HR what the benefit is and how it is calculated
- Ask what happens on your last day, and for how long
- Ask whether conversion is offered and by what date
- Check who is named as beneficiary now

4. Answering the health questions

Clinical judgment is not the standard. Answer exactly what each question asks, using your own records, and add nothing you were not asked. A wrong or missing answer can lead an insurer to question a claim during the contestability period, usually the first 2 years.

1. Print or open your medication list with what each drug treats
2. Write dates of hospital stays and new diagnoses in recent years
3. Read each question for its look-back window, such as 2 or 5 years
4. Answer for that span only, and ask the agent when you are unsure
5. Compare the written application to your records before you sign

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5. When a family files a claim

The beneficiary files with the insurer, usually with a certified copy of the death certificate and the policy number. Order several certified copies at the start, since each bank or agency asks for one. A policy that nobody can find does not pay, so tell the beneficiary where the papers are kept.

6. Seven lines to check before you sign

- [ ] Benefit amount
- [ ] Whether it pays in full from the first day
- [ ] Length of any waiting period
- [ ] Beneficiary's full name
- [ ] Premium amount and draft date
- [ ] Free look period in your state, often 10 to 30 days
- [ ] The insurer's license in your state

> Life insurance proceeds paid because of a death generally are not taxable income to the person who receives them (IRS Publication 525). Ask a tax professional about your own case.

Sources

- NAIC: Life insurance consumer guide
  content.naic.org/consumer/life-insurance.htm
- NFDA: Statistics (cremation and burial trends)
  nfda.org/news/statistics
- FTC: The Funeral Rule
  consumer.ftc.gov/articles/ftc-funeral-rule
- IRS: Publication 525, life insurance proceeds
  www.irs.gov/publications/p525

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