

State Associations Uniquely Well-Positioned to Deliver On Preneed Safety and Security

By Bonnie McCullough

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ALBANY, NEW YORK – Many words have been spoken, opinions written and hand-wringing occurring over the past few weeks about the insolvency of the Wisconsin master trusting program. There have been anger, disdain and disbelief. There has been much second-guessing and condemnation. Most disturbing have been the generalizations regarding the inability of state association volunteer leadership and executive directors to manage the day-to-day operations of the trusts and oversee investment activity.

Providing meaningful membership services is at the core of what associations do. Many organizations within every sector successfully provide complex financial products to their members, and funeral service is no exception. It is important to note that within funeral service, some of the smallest associations successfully navigate the difficult and disturbing waters within state legislative and regulatory bodies. This is no small task. Similarly, funeral associations of all sizes operate very successful, secure preneed trusting programs.

In fact, it seems that trusting programs start to go off the rails the most when too much authority and oversight – and dare I say, “trust” -- is handed over to third parties that want to make their money on the backs of funeral firms and consumers. It is the common theme in the vast majority of all problems preneed. Whether trust or most certainly insurance, when the reins are handed over to businesses and individuals whose sole aim is to make money on the money, the operation becomes unsustainable.

Funeral associations are in the best position to protect both funeral firms and consumers. The primary mission of these organizations is to enhance and promote funeral service, helping with compliance, education, government affairs and public perception. These are not goals of any third parties, no matter what they say. Buying advertising in your publication, having a booth at convention or even sponsoring an event (which can be written off) is not in any manner the same thing. Woven within the framework of these overarching association values, operation of master trusts are truly “for the good of all.”

Safety and soundness of the trusts must be woven strongly into the association’s leadership culture. Return of principal is much more important than return on principal. That type of culture is a dream to cultivate within this profession, because funeral directors are caring, diligent people who are well-attuned to the needs of their colleagues and senior citizens. Investing these monies safely and securely is actually extremely easy, shockingly so. It’s not exciting nor is it lucrative on its face. A price must be paid for guarantees, but a still greater price must be paid for no guarantee and high risk. These are absolute truths in the world of investing.

It is fortunately not common, but well-meaning, smart people have on occasion believed the lines used by certain third party salespersons and their unending promises, even though he or she can never deliver on them and their actions are not in anyone’s interest but their own. They somehow view these people with a cult-like status and are almost afraid to question them, figuring these so-called “experts” must somehow know more than they do. Often, the only thing he or she really knows is how to make a quick buck for themselves!

These are just some of the many very excellent reasons that state associations are in the best position to operate trusts for their members. Together, competent executive directors and educated volunteer leaders can deliver what no other entity can: a product that is overseen by funeral directors, for funeral directors and the consumers they serve. Nobody else can deliver that, not anyhow, not any way.

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