

[REVENUE RESOLUTIONS]

6 Tactics to Enhance the Income-Generating Potential of Your Preneed Trust Program

For many funeral homes, the difference between a successful year or one where sales are lost to competitors boils down to one thing: having a robust preneed program.

This year, about 4.4 million people will turn 65 years old, according to the U.S. Census Bureau. That's 12,000 people every day. As our country's population ages and the 65-year-old demographic increases, preneed will become increasingly vital to the financial success of your business.

In our conversations with funeral directors, most of them agree that it is important to provide preneed options to families in their communities. We believe, however, that funeral businesses may be missing out on potential investment income by primarily relying on insurance-based preneed plans. That is because, while many owners understand how trusts work, they are not exactly clear on how trust investments can move the needle on their financial statements.

HOW A THRIVING PRENEED PROGRAM CAN BOOST YOUR FINANCIAL STATEMENTS

Typically, a preneed sale is recorded on a company's balance sheet as a long-term liability often classified as "deferred revenue." (The offsetting accounting entry, for those interested, is "preneed receivables." These entries offset each other and do not affect the business's net worth.) The preneed sales proceeds are then placed in a trust and invested. When the contract goes at-need, the company withdraws those funds – plus any earnings or capital gains – to cover the cost of services.

Unlike trusts, insurance companies are often limited in how they can invest preneed funds. They are often required by law to invest in risk-free investments such as U.S. treasury notes and bonds. Preneed trust funds, however, have more leeway and can invest in a conservative, diversified portfolio of equities and fixed income securities that have historically generated higher returns than insurance preneed assets.

Those higher returns can have a material, positive impact on a funeral business's financial statements – and be a significant reason you earn a profit or loss on a preneed contract. Nothing is guaranteed in life, especially when it comes to investing. History has shown, however, that over the long run preneed trust investments have a statistically higher probability of outperforming insurance investments.

PRACTICAL, ACTIONABLE TACTICS TO GROW YOUR PRENEED SALES PIPELINE

A well-designed preneed trust program can be a game changer financially and should be a priority. In our experience, preneed contracts represent 20%-40% of a funeral home's revenue. We believe funeral home owners should be more aggressive in setting preneed sales goals and target a minimum of 50% of revenue.

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Accurately recording and growing preneed revenue can help you better manage your business in several ways, such as:

- Providing a better visibility of future revenue.
- Offering improved insight into future financial obligations to deliver services.
- Improving cash flow management and forecasting.
- Increasing access to expert preneed trust investment experts.

Baby boomers are redefining end-of-life services. They no longer want the kind of traditional service their parents or grandparents attended and instead are seeking creative end-of-life celebrations.

Here are six practical, actionable tactics that can help you accelerate sales growth without taking time away from the quality services you provide families:

1. INCREASE YOUR PRESENCE ON SOCIAL MEDIA

If you are not visible on social media, you are missing a prime opportunity to build brand awareness and sell more preneed contracts. Sprout Social, a top provider of cloud-based social media management software, found that 68% of consumers purchased products and services directly from social media. Here are two key strategies to increase your social media visibility:

- **Digital advertising:** Make strategic digital ad buys on social media channels like Facebook and Nextdoor. These platforms make it easy to target your ads based on certain demographics, including age, gender, location and interests. The cost certainly will not break your budget and the leads from the ads can help build your preneed sales funnel.

- **Community engagement:** Engage with your audience on social media. Regularly publish informative articles about end-of-life planning on your website, and then share it on social media channels your audience frequently visits. The more you engage with families in your community, the more opportunities you will have to demonstrate why your funeral home is the best choice to serve them.

2. YOUR WEBSITE IS AN INVALUABLE MARKETING TOOL

Long gone are the days of your website looking like a digital brochure. You need a contemporary-looking website that is full

of information about your funeral home and the services you offer. Set goals this year in these areas:

- **Educational content:** Publish informational content, especially “how to” articles and videos to help families plan and purchase preneed services directly from your website.

- **Lead generation forms:** On each page of your website, make it easy for visitors to provide their contact information or ask questions about your services. Then follow up in a timely manner. You will be amazed at how many leads you add to your pipeline.

3. GROW SALES USING A CUSTOMER RELATIONSHIP MANAGEMENT (CRM) PLATFORM

To increase your preneed pipeline, you need to take a data-driven approach. Creating cumbersome Excel spreadsheets to update and track leads no longer works in today’s market. There are several affordable customer relationship management platforms that can be seamlessly integrated into your IT system, including your preneed recordkeeping and administration platform.

A CRM application provides you with visibility to monitor the progress of every lead and build closer relationships with customers during their purchasing journey. It also allows you to have key performance metrics at your fingertips, such as the number of preneed contracts sold, average revenue per preneed contract and closing success rate.

4. GIVE FAMILIES PLENTY OF CELEBRATION-OF-LIFE OPTIONS

Research from the Foresight Companies and the National Funeral Directors Association have proven that families want more options. Make it a priority this year to find ways to host or provide access to customized end-of-life celebrations. Consider allowing customers to create their own packages, such as inspiration fund accounts (essentially a cash reserve in a preneed contract), so they can plan and pay for truly memorable services.

5. PARTNER WITH PROVEN PRENEED TRUST INVESTMENT EXPERTS

Preneed trusts pose distinctive challenges because of the varying regulations

and the diverse age and health conditions of contract holders. That is why we strongly advise that funeral home owners work only with wealth management professionals who have a proven track record of growing preneed trust assets.

When you partner with Argent, you will be teamed with seasoned portfolio managers who are familiar with state-specific, preneed investment regulations for each location where you do business. You also will be assigned a dedicated investment professional who will create and manage equity and fixed-income strategies that are tailored to meet the unique needs of your business. Plus, Argent will handle all performance reporting, investment monitoring and due diligence to ensure compliance with state and federal regulations.

6. INVEST IN A MODERN PRENEED TRUST RECORDKEEPING AND ADMINISTRATION SOLUTION

In our increasingly connected world, funeral directors need a robust trust recordkeeping and administration services platform that offers cutting-edge digital tools, online resources and real-time information to serve families. Through FSI, you have access to an industry-leading, user-friendly platform that can efficiently and cost-effectively help you manage data entry, account reconciliation, and payments processing, as well as edit and store contracts and related documents. FSI’s technology frees up funeral directors so they have more time to spend with families and community members and less time performing routine, administrative tasks.

Building a viable, scalable and profitable preneed trust program requires thoughtful planning that involves coordinated activities across multiple departments. With Argent as your trusted partner, we can help you increase your preneed trust business, grow market share and build stronger relationships with the families in the communities you serve.

If you believe your funeral home could benefit from our expert funeral and cemetery trust services, or need help on preneed strategies, we are ready to help.

Master Trusts
Preneed Funeral Trusts
Merchandise Trusts
Endowment Care
Investment Management
Trust Administration

Your “Go To” Resource *for* Funeral & Cemetery Trust Services

Together, Argent Trust and FSI, backed by veteran teams with decades of experience and deep industry knowledge, offer proven, customizable solutions to help funeral homes and cemeteries increase profit and reduce the worry and stress of managing their trust programs.



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*Our unparalleled service is
just one click or phone call away.*