

# Seattle Post-Intelligencer

## Funeral Co-Op Offers Lower Costs Than Traditional Facilities

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By Craig Harris

There is no hearse, no place for embalming and caskets are ordered off a large plasma TV screen via the Internet.

Across the hall from the cozy office with comfortable plush chairs and couches is a dentist's office, and overhead are a handful of apartments in Seattle's Capitol Hill neighborhood.

Welcome to a new kind of funeral business, courtesy of the 100,000-member People's Memorial Association, which promises below-market prices and substantial savings on funerals and cremations.

The association, which began in 1939 in Seattle when a minister concerned about funeral costs began seeking low-cost alternatives, opened the People's Memorial Funeral Cooperative recently after a major company canceled a contract for local funeral services.

The five-employee cooperative serves as a conduit, and contracts cremation and mortuary services. The savings, which range from a few hundred dollars to more than \$1,000 when compared with traditional funeral homes, are passed on to members who pay a one-time \$25 fee to join the association.

"The savings are pretty substantial, and the other thing we promise our members is they don't get any sales pressure," said John Eric Rolfstad, executive director of the People's Memorial Association, which owns the co-op. "We do this as a public service to enable consumers to make better choices."

The funeral co-op, in business for one month, already has served nearly 50 families, and the goal is to do at least \$1 million in business annually, with \$60,000 in net earnings. If the co-op is successful, Rolfstad said it might purchase its own crematorium to push costs even lower.

The co-op, which has at least 40,000 members in Seattle, is part of a small but growing sector that has emerged in the past few years to offer consumers an alternative to the high cost of dying, which can exceed \$10,000 for a funeral and burial.

Bill Miner, of La Mesa, Calif., said he used the co-op when his father, Bill, died July 2. The elder Miner was living in an Alzheimer's care facility in Lynnwood, and the man's financial adviser signed him up with the association about two years ago.

When he died, the co-op took care of handling the body and all cremation details and sent the urn with his remains to California for a total cost of less than \$800.

"The cost was surprisingly low for what they did," Miner said. "There were no pretenses, they really did care and provide a service, and they made it a wonderful experience despite what we were dealing with, which was the death of a loved one."

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Others trying to save consumers money include Everest Funeral Package of Houston, which in spring 2005 launched a fee-based online service that lets consumers compare funeral service prices by ZIP code.

Mark Duffey, chief executive of Everest, said that with more than 2 million Americans dying every year, there is a demand for his service.

"Once people see the information, it makes a lot of sense to them. They can figure it out and they are empowered," Duffey said.

Locally, Issaquah-based Costco Wholesale Corp. began selling caskets online in October 2004 and then started selling urns five months later. A Costco executive said customers save up to 50 percent compared with the cost of caskets and urns at funeral parlors because the company follows its guideline of not marking up a product by more than 14 percent.

Costco said it sells "thousands" of caskets and urns annually, and most are sold in the West. The company also promotes the items at kiosks in a few warehouses.

"The reason we got into this business is we felt the funeral homes had a monopoly on the product and were not offering the consumer the best value," said Liz Elsner, vice president of Costco.com.

Mark Musgrove, past president of the National Funeral Directors Association, said his organization has no problem with consumers shopping around, but he added that it's unfair to accuse his industry of inflating prices.

Musgrove, a funeral director in Eugene, Ore., said businesses like his are on call 24 hours a day, seven days a week to transfer remains, and funeral homes need to make capital improvements. He said most funeral homes have less than a 7 percent profit margin.

"Funeral homes are not making unreasonable profits," Musgrove said. "We are doing what we can to help the community. ... You need to make sure when you select a funeral home you are getting someone experienced and licensed and able to help you design the kind of service you want."

Musgrove said his industry is an easy target for criticism because "no one wants to purchase a funeral."

In the Northwest, Musgrove said a funeral costs about half of the \$6,500 national average because of a high percentage of cremations in Washington (64 percent) and Oregon (63 percent). Southern states such as Alabama and Mississippi have a cremation rate of less than 10 percent.

Rolfstad, meanwhile, is confident the People's Memorial Funeral Cooperative can offer lower prices because the association has collected funeral and cremation data from the competition, which is shared with members who are shopping around.

The most recent survey, done this year, of 170 funeral homes in Western and Central Washington found the average price for a cremation was \$1,492, while a complete funeral, which includes embalming, viewing facilities and chapel services, had an average price of \$3,946.

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At the co-op, the cost of a cremation starts at \$649 and a full mortuary service with a metal casket costs \$2,599.

Rolfstad said to his knowledge there are only two other funeral co-ops in the country, and they primarily serve farm communities in Wisconsin and Oklahoma.

Josh Slocum, executive director of the Funeral Consumers Alliance, said it's still too early to determine whether the Seattle-based co-op will catch on with others in the nearly 400,000-member alliance.

"It may not be right for everybody," Slocum said. "But I hope it will have an effect on the commercial industry. I hope it puts pressure on them to do things differently. ... The industry has to react to have more moderate prices. A good deed will be done no matter how it gets done."

### THE DEATH BUSINESS

Funerals are big business in the U.S., where there are 21,528 funeral homes. The industry generates about \$11 billion annually, and funeral homes employ 103,258 people. Five publicly traded companies own 11 percent of all funeral homes in the U.S., where the average cost of a funeral is \$6,500. Funeral costs in the Northwest are lower, but cemetery costs can exceed \$4,000.

*Source: National Funeral Directors Association*

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