

Let's Be Clear about Surcharging (The 3% Conversation)

What Every Funeral Director and Funeral Home Team Should Know about Credit Card Surcharging

If you own or manage a funeral home, you have probably heard the concern before — maybe you have even voiced it yourself. The moment a family sees a surcharge line on the Statement of Funeral Goods and Services Selected, they are going to notice it. They might feel nickel-and-dimed at the worst possible moment. They might quietly wonder whether the funeral home that just cared for their loved one with such compassion would really add a fee on top of an already difficult bill.

That concern is understandable, and in funeral service it carries more weight than it does almost anywhere else in the small-business world. The families in your arrangement room are not comparison-shopping the way a customer does at a coffee shop or a hardware store. They are grieving, often exhausted, and trusting you completely. That relationship deserves more care in how a change like this is introduced — not less.

But the concern about family reaction may be based on assumptions that no longer reflect today's marketplace — and a few important facts about where that 3% actually goes, why it exists in the

first place, and how the National Funeral Directors Association itself has already addressed the subject for its members.

This white paper is written specifically for the experienced, relationship-minded, family-first funeral directors and staff who are skeptical about surcharging and deserve a clear, complete explanation grounded in funeral-industry-specific research — not a generic talking point borrowed from retail. Let's walk through it together.

First, Let's Talk about What that Fee Actually Is

Every time a family hands you a credit card to settle a balance, something happens behind the scenes that most families — and clearly, many funeral home staff — do not fully realize. The card networks charge the funeral home a fee for processing that transaction. That fee is called an interchange fee, and depending on the processor and exactly how the card is entered (chip, tap, or keyed manually over the phone), it typically runs 2% to 4% of the transaction amount.

T. Scott Gilligan, NFDA's longtime General Counsel, has put a real number on what that means for a funeral home: on a funeral priced at $10,000, a 2% to 4% cost of acceptance is a $200 to $400 hit[1] — money that comes straight out of the margin the funeral home needs for staff, facilities, fleet maintenance, and the families still ahead of you this month.

Here is the part that changes the conversation: that fee has always existed. Your funeral home has always been paying it. The question has never been whether someone pays it — it is a matter of who pays it.

Under the traditional model, the funeral home absorbs the entire cost silently, on every case, regardless of whether that family settled the balance with a basic debit card (which costs very little to process) or a premium travel-rewards credit card (which can cost considerably more). The family that pays by check or cash quietly subsidizes the family that pays with a card earning airline miles. Nobody mentions it. Nobody chooses differently. The cost simply erodes the funeral home's already thin service margin.

A surcharge program does something fundamentally different: it makes the cost visible and assigns it to the person who created it. The family that chooses to use a credit card — and earns rewards on that transaction — pays the processing cost associated with that choice. Families who pay by debit card, ACH transfer, check, or cash pay nothing extra. That is not a penalty. That is accountability and transparency, applied to a cost that was already there.

The Market Has Already Made This Decision — And So Has Your Own Association

One of the most common reasons experienced funeral directors resist surcharging is the belief that their firm would be the odd one out — that families would feel singled out compared to every other business they patronize. The data tells a very different story.

According to the J.D. Power 2026 U.S. Merchant Services Satisfaction Study, 35% of small businesses nationwide now add a surcharge when a customer pays with a credit card[2] — up from 34% just a year earlier and effectively nonexistent a decade ago. The practice has not crept quietly into the marketplace; it has accelerated, and families are encountering it routinely at restaurants, veterinary clinics, contractors, and increasingly at other funeral homes in your own market.

Credit card surcharging is legal in the large majority of states as of 2026. Connecticut, Massachusetts, and Maine maintain long-standing outright bans, and California's SB 478 has added new restrictions there as well[3]. Card network rules cap the fee at the lower of 3% (Visa) or 4% (Mastercard) or the merchant's actual cost of acceptance — and Gilligan's NFDA guidance notes that funeral homes fall under the "professional services" merchant category for purposes of that cap.[1]

This is not fringe territory for funeral service specifically. NFDA's own General Counsel has published direct guidance to members on how to implement a compliant surcharge program[1], and payment providers that specialize in death care now build surcharge and dual-pricing programs specifically for funeral homes as a standard offering, not a novelty.[4]

It is also worth noting that the legal landscape has only opened up further since NFDA first wrote about this. Several of the states that once restricted surcharging — including Colorado and Kansas — have since repealed those restrictions. If your funeral home has been sitting on the sidelines because "this probably isn't allowed," that assumption is very likely out of date.

What Families Actually Think — The Nuanced Truth

Let's be straightforward with the data rather than only citing figures that support one side. A CardRatings survey found that about 31.6% of consumers say they avoid using credit cards when a merchant adds a surcharge[5]. That number deserves to be taken seriously — and it also deserves context specific to funeral service.

First, expressed frustration with a fee is not the same as changing funeral homes. Families choose a funeral home based on trust, tradition, clergy or cemetery relationships, and how they were

treated in the arrangement room — not a processing fee. On the NFDA's 2024 median cost of a funeral with viewing and burial, $8,300, a 3% surcharge comes to roughly $249. A family that trusted you to care for their loved one is not going to choose a different funeral home over $249 — particularly in a market where the next three funeral homes they would call are increasingly doing the same thing.

Second, the way surcharging is introduced makes an enormous difference in how families receive it. Funeral homes that implement it with advance notice, clear signage, and a genuine, offered alternative see meaningfully better outcomes than those that spring it on a family at the arrangement table without warning. The friction comes from surprise — not from the fee itself.

Third, it is worth remembering why many families put a funeral balance on a credit card in the first place. It is often not brand loyalty or a rewards strategy — it is cash flow. Life insurance proceeds and estate funds frequently take days or weeks to arrive, and a credit card bridges that gap. A well-communicated surcharge does not punish that family; it simply gives them the same debit, ACH, check, or cash alternative every other family already has, while being clear about the cost of the bridge they chose to use.

Fourth, consumers are increasingly doing the math on rewards themselves. When a cardholder earns roughly 2% cash back but pays a 3% surcharge, the rewards program largely cancels itself out. Families who understand this often simply choose to settle the balance a different way — which is exactly the point. They are making an informed choice instead of an uninformed one.

What a 3% Surcharge Actually Does to the Funeral Home's Economics

To understand why a well-run funeral home would consider a surcharge program, it helps to look at the numbers from the inside. According to NFDA's 2024 General Price List Study, the national median cost of a funeral with viewing and burial is approximately $8,300, and a funeral with cremation averages about $6,280[6]. These are not small-ticket transactions — they are among the largest single purchases many families will ever make, which means the dollars at stake in how the card fee is handled are far larger than they are in most retail settings.

Consider a funeral home serving 150 families a year, with roughly half of those balances settled by credit card at a blended average of $7,500. That is over $560,000 in annual credit card volume. At a conservative blended effective rate of 2.75%, that funeral home is absorbing over $15,000 a year simply to accept cards — money that could instead fund staff, facility upkeep, fleet replacement, or keeping the basic services fee from rising for every family, including the ones who pay by check or cash.

Under a properly implemented surcharge program, the family who chooses to use a credit card covers that cost directly, and the funeral home's net effective processing cost on card transactions drops to near zero — returning that $15,000-plus to the business rather than to the card networks and issuing banks.

One important nuance that should always be communicated clearly: debit cards are not subject to surcharging under the federal Durbin Amendment and card network rules[3], so families always have a straightforward zero-surcharge option available to them. It is also worth noting that a surcharge program should apply only to at-need balances settled by credit card — preneed trust contributions are typically made by ACH or check by design, and keeping the surcharge scoped to at-need payments keeps the program clean from both a trust-regulation and a family-relations standpoint.

How to Talk to Families about It — The Communication Is Everything

The research is clear on one point that should give every skeptical funeral director confidence: the quality of the introduction is the single largest variable in how families respond. Funeral homes that handle it thoughtfully report minimal pushback. Those that introduce it without preparation report friction — and friction is the last thing you want at an arrangement conference.

It also helps to know that this is not only best practice — it is a compliance requirement. Visa and Mastercard require three separate written disclosures before a funeral home can surcharge[1]: a notice posted at the funeral home's entrance, a disclosure in the arrangement office stating the exact percentage applied, and an itemized dollar amount shown as its own line on the Statement of Funeral Goods and Services Selected. Handled correctly, these three required disclosures also happen to be the best practices that build family trust — the requirement and the relationship goal point in the same direction.

- Advance notice: Let families know before they reach the arrangement table — signage at the entrance and a brief, plainly worded explanation early in the arrangement conference set expectations rather than creating surprises.
- Clear signage: Regulatory-required signage at the entrance and in the arrangement office is both legally necessary and practically effective. Families who see the information before they reach for a card have already processed it emotionally.
- A simple, accurate explanation: Something along these lines works well — "We have added a small credit card processing fee to help us keep our service fees stable for every family we serve. Families who pay by debit card, ACH transfer, check, or cash are not charged this fee." That is accurate, respectful, and family-centered.

- Emphasize the choice: Every family has the option to avoid the surcharge entirely by paying with a debit card, ACH transfer, check, or cash. That choice should be offered warmly, never grudgingly, and never in a way that feels like a test of the family's means.
- Frame it in the context of the funeral home's continuity: Families who have a real relationship with a funeral home — across generations, in many cases — understand that the firm's financial health is part of what lets it keep serving the community. A brief, authentic note about why the funeral home is making this change resonates far better than silence followed by a surprise.

The Ethical Argument — Why Surcharging Is Actually the Fairer Approach

Here is the reframe that often shifts the perspective of directors who have long assumed surcharging is unfair to families: the current system — where every family silently subsidizes the rewards programs of families who carry premium cards — is arguably the less ethical arrangement.

A well-known 2010 study from the Federal Reserve Bank of Boston found that cash- and debit-using households transfer money to reward-card-using households every year, and that because credit card spending and rewards are positively correlated with income, this transfer is regressive — flowing from lower-income households toward higher-income ones[7]. In a funeral home, this dynamic can be especially uncomfortable: some of the families with the least financial cushion, arriving at the worst moment of their lives, may currently be helping cover the airline miles of families who are far better positioned to absorb a processing fee themselves.

A surcharge program reverses that dynamic. The family who chooses to earn rewards on a funeral bill pays for the cost of that choice. The family who pays by debit card, ACH, check, or cash pays nothing extra. That is not a burden placed on grieving families — it is a more transparent and equitable allocation of a cost that has always existed, applied by the party who chose to incur it.

Funeral service already operates under a higher standard of consumer-facing transparency than most industries — the FTC Funeral Rule requires an itemized General Price List[8], and state preneed trust regulations exist specifically to protect families' money. A clearly disclosed surcharge, itemized on the Statement of Funeral Goods and Services Selected exactly the way NFDA's own guidance describes, is consistent with that same tradition of transparency — not a departure from it.

Families will understand a funeral home adjusting how it handles a real business cost. What families find much harder to forgive is feeling that a cost was quietly folded into a rising basic services fee without ever being explained. Clarity is not simply better ethics; in funeral service, it is also better care.

A Final Word for the Skeptic

Given your role, you have likely spent years earning the trust of the families in your community and fiercely protecting the culture of your funeral home. Your instinct to question anything that could disrupt that culture deserves respect, not dismissal.

The concern about family pushback is real. Some families will notice the fee. A small number may choose to pay differently going forward. That is all true. But the question worth seriously considering is this: in a marketplace where more than a third of small businesses already surcharge, where NFDA's own General Counsel has published a roadmap for doing it correctly, and where a properly communicated program gives every family a clear, respectful choice — is the risk of implementing this program actually greater than the ongoing cost of not implementing it?

Funeral homes that have made this transition thoughtfully — with advance communication, clear signage, a genuine choice offered to every family, and an honest explanation of why — have largely found that their family relationships stayed intact, and their finances improved in a way that let them keep investing in the community they serve.

That is the outcome every good funeral director is working toward. Surcharging, done right, is not a threat to the family relationship. It is a tool for protecting the funeral home that makes that relationship possible in the first place.

Sources and References

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[5] CardRatings Research. (2025). "How Credit Card Surcharges Are Changing Consumer Behavior." https://www.cardratings.com/research/how-credit-card-surcharges-are-changing-consumer-behavior.html

[6] National Funeral Directors Association (NFDA). 2024 General Price List Study — median cost of a funeral with viewing and burial ($8,300) and with cremation ($6,280).

[7] Schuh, S., Shy, O., & Stavins, J. (2010). "Who Gains and Who Loses from Credit Card Payments? Theory and Calibrations." Federal Reserve Bank of Boston, Public Policy Discussion Paper No. 10-3. https://www.bostonfed.org/publications/public-policy-discussion-paper/2010/who-gains-and-who-loses-from-credit-card-payments-theory-and-calibrations.aspx

[8] FTC Funeral Rule, 16 CFR Part 453 (itemized General Price List disclosure requirements).



This best practices white paper is intended for informational purposes for funeral home owners, directors, and administrative staff. Surcharging regulations vary by state. Consult your payment processor and applicable state law before implementing a surcharge program.

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