

# Do children need life insurance?

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By [Karin Price Mueller/The Star-Ledger](#)

Life insurance can be a salvation for those left behind when a breadwinner dies. A large payout helps a family maintain its standard of living, paying off mortgages and college educations, and even helping give survivors time before they must go back to work.

But what about life insurance for a child?

The loss of a child is devastating, but we're talking money here. Few families depend on their children to bring home a paycheck. So, unless your child is a money-maker, you probably think life insurance is unnecessary.

But there are times when life insurance should be considered for a child -- not to benefit parents should something happen to the child, but to give that child a big advantage when they get older.

If your family has a history of genetic diseases or other health conditions, buying life insurance for a child now -- before the child becomes an adult with health baggage -- could be a huge benefit.

Premiums will always be lower for children compared to similar insurance purchased as an adult. But that alone isn't necessarily a reason to buy.

It's your family history that matters.

"Even if your child shows no evidence of the illness during childhood, the fact that certain diseases -- such as heart disease or diabetes -- are hereditary may increase the cost of insurance later in their life," says Michael Green, a certified financial planner with Wechter Feldman Wealth Management in Parsippany. "If one of these scenarios applies to your child, purchasing a life insurance policy could be instrumental in protecting their financial future."

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As adults, your children may not think about life insurance until they have a family of their own. No one expects to develop a disease or illness, but if your family history indicates chances are higher for something to happen in the future, it could be smart to buy insurance as a preventative measure.

Marnie Aznar, a certified financial planner with Aznar Financial Advisors in Morris Plains, doesn't usually advocate buying life insurance for children unless there are real concerns the child could develop health issues later in life. Instead, she recommends using extra cash to invest in a low-cost mutual fund or savings account.

But, if it looks like the child could have serious health issues as an adult, she suggests purchasing "life insurance, while they are young and healthy, which could remain in place for their lives if they chose to keep the policy in force."

Green says there are several ways to buy life insurance for a minor child.

One is to buy coverage through a term life policy already covering the parent, he says.

"This is done by purchasing a rider -- an extra policy feature at added cost -- that extends a small amount of life insurance, such as \$20,000, to other family members, including children," he says.

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But term insurance stays in effect for only a certain number of years. So, a permanent policy would be the way to go if you want lifetime protection for the child.

Permanent policies, such as whole life and universal life, are more expensive than term because they include a savings component, called cash value, which grows over time. But if you buy when you're young and healthy, the premiums will be far lower than they would be when you're even a decade or two older.

Plus, selecting a policy that has a cash value could come in handy in the future.

"The cash value could be used for anything, including college tuition or the down payment on a home," Green says.

When your child is older and working, you'll have to discuss whether the child can afford to take over paying the premiums. If not, and if you're not willing to keep making the payments, the policy could lapse -- and then all the money you paid, and the reasons for buying the policy in the first place, will be for nothing.

In the meantime, don't forget to assess your own life insurance needs. Your first priority should be making sure that you have enough coverage to support your family should something unexpected happen to you.

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