Children's Life Insurance

Help Your Clients Create A Legacy For Their Children

The thought of needing life insurance can be uncomfortable for some people. It can even be more difficult to think about when considering life insurance for our children. That's why when discussing life insurance options for children with your clients, it's best to focus less on a death benefit and more on a living benefit and a way to create a legacy. Not only can stand-alone life insurance lock in a child's future insurability, it can also provide a means to future stability and financial protection.

Many of your clients opt for low cost life insurance for their children through a group plan at work. While that's encouraged, it may not do much more than provide a death benefit should the unthinkable occur. Below are three common options outside of a work sponsored group plan that can provide a death benefit as well as provide ways to lock in their child's insurability and provide them with a powerful tax-favored insurance tool for the future.

Option 1: **Children's Term Rider |** Children's term rider[1] added to the mother or father's term life insurance policy

Male, 25, Preferred Best NS, $500k of 20 year term, $236/year or $341/year with the children's term rider (max 20 units)

In this instance, 20 units of a children's term rider costs $105 per year and provides $20,000 of coverage. Most carriers are similar in how their riders work, and in this example, the carrier's rider provides term insurance to age 25 for all covered children. Any natural, adopted and step-children who meet the age limits can be added to this rider, however, underwriting may be required on the additional child(ren). These plans can be converted in the future to provide for a permanent option for your child.

Option 2: Children's Whole Life Plan | Product designed for children

Male, 1, $50k of coverage, $377/year

In this example, the face amount will automatically double when the child turns 18 with no increase in premium. Though this plan is initially underwritten when the application is sent in, it does have built-in options to purchase future insurance that are not underwritten. This can be a good way to lock in affordable coverage with future options to increase the coverage amount as the child grows into adulthood.

Option 3: Traditional Life Insurance Plan | Permanent life insurance plan with Preferred Non-Smoker rates

Male, 1, $100k of coverage, $200/year

Many carriers offer juvenile rates for children, however, they tend to be more expensive. In this example, the carrier offers a unique rating for children and gives them an edge in price. This carrier offers several products such as Indexed Life, Whole Life and a Guaranteed[2] Death Benefit plan. The Death Benefit is fully guaranteed to age 120 and there is some upside potential on the non-guaranteed Indexed side. This plan is also flexible to allow adjustment to the number of years to pay premiums or how long the plan is guaranteed. Also, paying a higher premium will accrue additional cash value growth that can be utilized for events such as college, marriage or a rainy day fund. The maximum non-MEC (Modified Endowment Contract) premium for the same $100k policy is $359 per year.

Underwriting Considerations

In general, aim to ensure that your clients have at least double the amount of coverage that their child is applying for. For example, if your clients want a $100k policy for their child, they themselves should have at least $200k of in-force coverage. Often a face amount of $500k and above for a child will require additional information/justification. If your clients have a child with medical concerns, ask us about carriers that offer children's riders without underwriting.

The examples above represent just a few of the many solutions available through Crump. **Talk to your Crump Representative to explore the options best suited for your clients!**

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[1] Policy riders are available at an additional cost and may not be available for all products. Terms and conditions apply.
[2] All guarantees subject to the claims paying ability of the issuing insurer.