

IT'S YOUR LIFE

Life Insurance Awareness Month – Juvenile Coverage

September is National Life Insurance Awareness Month, which provides a great opportunity to remind you about this important financial planning tool. While most people recognize the need for emergency funds and retirement savings, a thorough personal financial plan should also include protection for an unexpected disability or death. While you may have taken the steps to create a well-defined plan that covers yourself now and into the future, you may want to consider giving your children a gift that may be appreciated long into their adulthood.

Buying life insurance for a juvenile is about preparing them for their financial future. Life insurance can be a useful tool for many reasons, and allows you to give them a jump-start to building their own solid financial plan. The value of purchasing life insurance for a child can include insuring the future earning potential while locking in a child's insurability at an early age. Permanent life insurance is the most common option for juvenile coverage and offers coverage from infancy to maturity.

The juvenile coverage will be owned by the parents or legal guardian, and the coverage amount is typically a lower amount, typically between \$50,000 and \$100,000. Many companies sell a rider, which offers automatic coverage increases at specified ages and/or at certain life events to further a person's life insurance coverage when the need arises in their 20s and 30s.

The value of a permanent life policy can include features such as:

- Locking in the insurability at an early age.
- At younger ages, insureds can take advantage of lower premium payments paid over a longer time period.
- The insured's guardian can pay extra premium to limit or eliminate the need for premium after the insured is an adult.
- The insured's guardian can purchase a rider that allows automatic coverage increases, which will require additional premium.
- Cash value is growing tax-deferred.
- Access to the cash value for college spending, a down payment on a home, or other high-dollar expenses.
- Ownership can change from the guardian to the insured when they reach adulthood, and the insured can update the beneficiary.
- The death benefit can be used to cover funeral and burial costs, or to cover a parent's time away from work while grieving.

We know that juvenile life insurance isn't at the top of your child's wish list, and it may not be a gift that they fully understand right now. But someday, your adult child will appreciate the financial protection and peace of mind provided by a permanent life insurance policy.

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