

Why should you buy life insurance for your child?

When your children are young they require constant care and attention. As they grow into strong, independent adults, you'll know that all of the sacrifices you made were worth it. Giving your child a good start in life paves the way to a future of successes.

- Have you considered how you can help shape your child's financial future?
- Did you know that life insurance can play an important role in their future financial security?

Tax-advantaged growth of policy values

Besides providing surviving family members with a death benefit, some types of life insurance can accumulate cash value on a tax-advantaged basis. If the accumulation stays within prescribed limits, the cash value that builds in the policy is only subject to income tax when it's withdrawn. Consider the financial benefits to your children's start into adulthood if they could access their accumulated cash value to help pay for their education, put a down payment on their first car or home or travel the world.

Unlike traditional investments, a permanent life insurance policy is exempt from annual income taxes on the growth of policy values, provided certain conditions are met. As a result, with permanent life insurance more of your cash value goes towards your child's future instead of income taxes.

Protecting your child's insurability

Life insurance is best purchased when your child is young and healthy. Some policies guarantee insurability, allowing your child to purchase more life insurance as an adult, regardless of disability, illness, occupation, residency or foreign travel.

Without proper life insurance planning, a child who develops serious health problems or is diagnosed with a major illness may not be insurable as an adult. In addition, foreign travel to world hot spots may significantly increase your child's life insurance

premiums or even lead to being denied coverage as an adult. If this occurs and your child is not adequately insured, his or her loved ones may face a large financial burden in the event of premature death.

Reasonable doubts

Some people believe life insurance for children is unnecessary, because they don't contribute to a family's income. However, when you factor in the benefits life insurance can provide through tax advantaged growth, protecting your child's insurability and paying for unforeseen costs, they outweigh the notion that life insurance is only for individuals with an income.

Find out how life insurance fits into your child's future. An ONYX financial advisor will help you determine which policy is right for your needs.

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