

Should I buy life insurance on my child's life?

The main reason for buying life insurance on anyone's life is to replace income "lost" or pay for expenses caused by the death of the insured person. If your child dies, there's no lost income, but there will be funeral, burial and related expenses that could run to thousands of dollars, which might cause a financial hardship to the parents of the deceased child.

Another reason for buying life insurance on a child's life is to guard against the possibility that, when the child is older, he or she might not be able to buy life insurance because of intervening illness or other circumstance.

Still another reason for buying life insurance on a child's life is part of a program to teach the child financial responsibility. Typically the insurance is whole life insurance, ownership of which is transferred to the child when he or she turns 21.

Most insurance advisors recommend that families spend their insurance budget to buy life and disability income insurance on the parents first, before considering insurance on children's lives. Death of a parent, particularly an income-earner, could have financial consequences that are devastating compared to the financial effects from a child's death.

Source: *Insurance Information Institute, Inc.* (www.iii.org)