

The Importance of Life Insurance for Children

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According to the Centers for Disease Control and Prevention, “ADHD, Anxiety problems, behavior problems, and depression are the most commonly diagnosed mental disorders in children”.

There has often been a negative stigma regarding buying life insurance for your children. It forces parents to think about the possibility of benefiting financially if they experience such an unthinkable, unimaginable catastrophe in their family. No parent wants to flood their mind with such morbid thoughts, aside from how to keep their children safe in an environment where tragedy lurks around every corner (ie- a car accident, pool drowning, choking, etc). Many parents do not want to give credence to the idea of buying life insurance on their own children.

I believe this is a tainted narrative and must be changed.

One of the most important financial decisions parents can make for their children is to buy life insurance on them when they are born. Personally, I have seen the effects of this, as my parents had purchased a small life insurance policy on me when I was about a year old. The annual premiums were miniscule, and when I turned 18, my father gave the policy to me. When I got married, I changed the beneficiary to my husband and evidently, our children will benefit from these funds when I am no longer here. The gift my parents had set up for me as a child will end up benefiting their grandchildren. It is a financial foundation that has become generational. I am forever grateful to my parents for having had the vision to create such an important gift.

While they had the right idea, with my own family, I decided to expand on it even more. When each of my children were born, we immediately purchased life insurance policies on them, but this time, we included a guaranteed insurability rider. This gives them the option of increasing their insurance coverage throughout their lives, without having to go through underwriting. My original youth policy did not have a guaranteed insurability rider on it, and so I never had the opportunity to grow that policy into what it could have become.

My husband’s parents, on the other hand, did not believe in life insurance for their children. At the age of 18, my husband was diagnosed with Type 1 Diabetes. We were able to get him a minimal amount of life insurance coverage, although it’s extremely costly and he’s still severely underinsured. I can’t help but think of how much it could have helped if they purchased insurance on him, as now it’s our children who will be affected by it eventually. A policy with a guaranteed insurability rider would have been a huge plus.

Juvenile diabetes is just one of the many things that have a negative influence on life insurance underwriting. Within my circle of friends, I know a good number of small children diagnosed with Type 1 Diabetes, Crohn’s, and Celiac to name a few. Even more than that, children in our society are suffering from other factors at an alarming rate, including depression, anxiety, autism, and ADHD. I have seen quite a few instances over the years where a young healthy individual who would otherwise be classified under a best rating category, go down quite a bit because of anxiety. The way our lives are today, doesn’t almost everyone suffer from some form of anxiety anyway?

The CDC has documented the following estimates for ever having a diagnosis among children aged 3-17, in 2016-2019: ADHD 9.8% (approximately 6.0 million), Anxiety 9.4% (approximately 5.8 million), and Depression 4.4% (approximately 2.7 million). Depression and anxiety are known to have increased over time, especially since the COVID years, which are still being documented. For adolescents, depression, substance use, and suicide are important concerns. Among adolescents aged 12-17 years in 2018-2019, 15.1% had a major depressive episode, 36.7% had persistent feelings of sadness or hopelessness, 18.8% seriously considered attempting suicide, and 15.7% actually made a suicide plan. Treatment rates vary among different mental disorders- nearly 8 in 10 children (78.1%) with depression received treatment, and 6 in 10 children (59.3%) with anxiety received treatment. These are startling statistics, and each and every child should get the help they need to overcome these harmful thoughts. They should be encouraged to do whatever is needed to help pull them out of this dark time in their lives and shine a light on the life they are meant to live, with a loving spouse, happy children, and a warm family unit. They should not be penalized as adults for the struggles and help they received as children, especially if medications being used are ongoing in adulthood.

We are giving our children, and future grandchildren, for that matter, a chance at something very special that can help their families down the line, regardless of their possible future health status. The one thing every parent wants is to have healthy children, both mentally and physically. Unfortunately, with the ever-growing effects that environmental factors play in what our children eat and breathe, combined with the plague of social media and the societal pressures it has on them, we have paved a rough path for our children. We want to give them all the tools necessary to navigate this as smoothly as possible, and while our influence might be minimal (it's unrealistic to think we can raise our children on a remote farm, eating whatever natural foods the land provides, free from all technology and social influences), purchasing a life insurance policy for them as a child is something we can control and can only benefit them.

We have the opportunity to give our children and the generations that follow, a healthy financial portfolio and create wealth years down the line. There are many other benefits to purchasing life insurance for our children, like possibly borrowing the cash value for college, taking a loan in a time of need, or planning some form of retirement distribution. Parents and grandparents need to rid themselves of the stigma that has often followed with regards to life insurance on children, and recognize the true gift this can provide for them and their families for years to come.

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