

Preserving Insurability

1 MY STORY: YVETTE BARBER

Becoming a Grandparent for the first time is one of the joys of life. While others may view it differently, I see it as a reward for being a good Parent to my Child. As a Grandparent, one thing we typically share is that we want our Grandchild to grow up to be a happy, healthy, successful adult. Our oldest Grandson, I'll call him "David" was born in 2008 and seemed to be a perfectly healthy newborn infant. He scored 8 & 9 on his Apgar testing and was given an excellent bill of health when released with his Mother from the Hospital.

Since I work in the Life Insurance Industry, when David was 14 days old my Husband and I applied for and had a life insurance policy issued on his life for \$10,000. The premium is very reasonable for this policy and provides a future insurability option as well as an automatic increase to \$20,000 in coverage on his 18th birthday with no increase in premium. We bought this policy for several reasons, future cash value, cash to use for college but we also bought this policy to ensure that David will be able to have life insurance as an adult – to preserve his insurability.

When David was 18 months old, he was diagnosed with Atrial Septal Defect, which is a hole in his heart. This opening is necessary when the baby is in utero as the umbilical cord provides the pumping mechanism for the baby's body even though the baby's heart is beating. The hole normally closes in a few days or weeks after birth. His didn't. We were very fortunate and blessed that David's hole was found when it was (completely by chance) and that Doctors were able to close the hole with a small device when he was 3 ½ without open heart surgery.

But what if something had happened to David? What if the condition he had been born with or developed as a Child would make him uninsurable? We were protected because of the life insurance policy that my Husband and I had purchased was already in place.

What if the worst happened? Would my Son and His Wife have had the funds to pay for a funeral or any medical costs not covered by their insurance? The answer to those questions is no, they would not have had the funds to pay for those costs at a time when the last thing they should have to worry about is money. This happens often and we have all heard on the news asking viewers to help the family with funeral expenses. It is sad and it is a reality. Having this policy in place provides great peace of mind.

Since David was born we have welcomed two more Grandchildren, and without hesitancy, we have purchased life insurance policies for those children as well.

2 PROS AND CONS OF CHILD LIFE INSURANCE

The decision to purchase life insurance on a child is something that many people find to be a morbid subject, because as Parents and Grandparents we foresee our Children and Grandchildren outliving us.

In our situation, we didn't buy the insurance primarily for the death benefit, as I stated above, but to ensure our Grandchildren's future Insurability.

There are many people, including some "experts" who have suggested buying life insurance on children is "a waste of money". Their reasoning is that it is so unlikely that an unforeseen loss would occur or that the child would become uninsurable that it doesn't make good financial sense. This attitude is changing as a result of the senseless mass shootings and bombings increasingly occur in "family friendly" public places. In addition, this concept is not just about making "financial sense"; it is also about preserving insurability.

Children's life insurance policies range from Whole Life and Universal Life to Variable Universal Life. Each of these options build tax-deferred cash value that can be used for college tuition, a car or possibly the downpayment on a house. The withdrawal options can create tax-free income for the insured!

It is also important to remember that these policies offer affordable, level premiums without medical underwriting, offer future insurability options and many offer automatic face amount increases at the age of majority.

Some experts suggest other investments - such as a 529 Plans - to save for the Child or Grandchild's future. These plans also offer specific advantages but cannot protect the child's future insurability.

Another reason to consider child life insurance is that, if the worst happens, the death benefit can provide cash to the family to help with final medical bills and funeral expenses. The cash can also offset time off work to deal with the tremendous emotional loss

3 SOME THINGS TO CONSIDER

It really is a very personal decision for Parents and Grandparents whether to purchase a life insurance policy on their Child or Grandchild and there are many variables that must be considered. If you have a family history of juvenile diabetes, congenital heart defects, or any other serious hereditary medical conditions or if you or your Child adopts a child with an unknown family history, you may want to seriously consider making a gift of a life insurance policy to your Child for your Grandchild.

My husband and I looked at it this way: We would spend what we are spending on our Grandchildren's insurance on just a few toys a year, which we do any way. Why not put that money toward our Grandchildren's future and one day be able to present them with a cash value policy to help them get started after high school or college graduation?

4 IN CONCLUSION

Whatever your situation, purchasing a life insurance policy on a Child or Grandchild is something to consider and we are here to offer you the options available in the market place. Child insurance policies can be purchased from the age of 14 days to 18 years.

Barbara Culver or Chris McLaren would be happy to discuss your personal situation to help you determine if this is a good option for you.

Also if you are expecting a Baby or a new Grandchild, please contact Yvette Barber and we will be delighted to send a Resonate Onesie out to the Proud New Parents!

We look forward to hearing from you.

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