

YOUR FREE  
GUIDE

# Life Insurance for Kids in Canada

---



# Table of Contents

Introduction .....	01
Why do kids need life insurance? .....	02
At what age should I consider getting life insurance for my child? .....	03
What are some other benefits of life insurance for kids?.....	04
Types of life insurance you can purchase for your kid(s) .....	05
How much can my child's policy grow over time? .....	08
Debunking common myths .....	10
How do I choose the right life insurance for my kid(s)? .....	13
Why should you choose Serenia Life life insurance? .....	15

# Introduction

- Parents who are able to lay an early foundation for their children's financial security often buy some form of life insurance as early as possible. Here's what you need to know about the advantages of including your children in your family's financial plan.



# Why do kids need life insurance?

Most kids probably don't *need* life insurance because they don't earn a living and they don't have any assets to protect. But, as every parent knows, kids grow up fast and they become adults who will need and likely *want* life insurance coverage when they get older and start their own families.

When you buy a policy for your children or grandchildren, you're making it much easier for them to maintain coverage for life, or at least for as long as they need it. This becomes important if a child develops a medical condition that could either make it unaffordable or impossible to get coverage. Life insurance can also provide your kids or grandkids an investment that can be drawn upon when needed. They won't think this is important because kids don't tend to plan that far ahead. However, you'll have the peace of mind that comes with knowing you're doing the planning for them.



## At what age should I consider getting life insurance for my child?

“The sooner the better,” is always the answer, especially when it comes to putting the power of time on your side. Whether your goal is to provide your kids with guaranteed access to coverage later in life, or you want to fund an investment that will grow for decades, it pays to start early, when coverage is relatively inexpensive.

# What are some other benefits of life insurance for kids?

Guaranteed access to coverage and a head start on financial security are good reasons to consider purchasing whole life insurance for kids. But there are other benefits, including:

- **Education or other expenses**

Permanent life insurance, discussed in detail later in this guide, allows the policy owner to accumulate cash in the investment component of a whole life insurance policy. Once your child is of legal age, the money can be withdrawn tax-free and used when they need it most.

- **Policy owner benefits**

When you purchase a life insurance policy from Serenia Life, you get customized coverage plus a range of member benefits that include scholarship opportunities, financial support for charitable work, free online wills, and more.

- **Time to grieve and heal**

In the tragic event of a child's death, the **death benefit** (*i.e., a payment made to designated family members, other loved ones, or the charity of choice after the insured's death*) can allow parents to take time off work to focus on the tough task of coping with their loss.

# Types of life insurance you can purchase for your kid(s)

Insurance is a critical component in a family's overall financial plan. Many parents consider the cost of their policy an investment, rather than an expense, because it protects them from having to sell assets, like a property, to cover expenses, like a mortgage. Here are three of the most common types of insurance for kids.

## 1. Critical illness insurance

This type of coverage provides a one-time, lump sum payment that you can use any way you choose in the event your child is diagnosed with a qualifying critical illness or condition. For example, you might have to travel to and from a hospital, or you might need to arrange out-of-town accommodation or in-home care. Critical illness coverage gives you the peace of mind that comes from knowing you can provide whatever your child needs on the road to recovery.





## 2. Whole life insurance

Whole life insurance is a form of permanent coverage that never expires as long as you continue to make the payments. Along the way, a portion of your monthly or annual **premiums** (i.e., the amount you pay for an insurance policy) gets invested and earns interest in the form of dividends<sup>1</sup>. This is called the cash value<sup>2</sup> portion of your policy and it's what your child can use in future to pay for education, a down payment on a home, or other expenses. This is why many families often "think outside the bank" and see permanent life coverage as a solid, long-term investment.

### DISCLAIMERS

*1 Dividends are not guaranteed and are paid based on the overall experience of Serenia Life Financial, considering all the risk factors. Dividends may be subject to taxation. Dividends will vary based on the actual investment returns in the participating account as well as mortality, expenses, taxes, lapses, withdrawals, and other experience of the participating block of policies. They have the potential to increase the value of your policy above the guaranteed amount, depending on the dividend option selected.*

*Additional Deposit Option allows clients to pay an additional premium to purchase paid-up life insurance on the policy. This optional payment is in addition to the required insurance premium. With Additional Deposit Option, clients can enjoy the potential of accelerated tax-preferred growth within their policy. We will not accept an additional premium if it will cause the policy to lose its tax-exempt status.*

*2 Cash values are accessible via a withdrawal, policy loan or surrender. These may be subject to taxation and a tax slip may be issued. Accessing the cash value of the policy will reduce the available cash surrender value and death benefit.*





### 3. 20-Pay whole life insurance

20-pay whole life insurance is another form of permanent coverage that never expires – the difference is that payments stop after 20 years. Just like regular whole life, premiums get invested and earn interest over time, giving your child the opportunity to access this money later in life, if and when they need it. While many parents like the idea of payments coming to an end, this option will be slightly more expensive than regular whole life.



# How much can my child's policy grow over time?



## Susan and Lemar's story

Susan's goal was to set up her six-month-old son Lemar for greater financial stability decades from now.

To make the most of her \$100-a-month budget, a Serenia Life advisor recommended that she purchase a whole life insurance policy with a \$50,000 payout and a cash portion that would grow alongside her young son.

By choosing a 20-Pay Whole Life Policy, Susan's premiums will stop in 20 years but Lemar's coverage will stay in place for the rest of his life. And as the chart on next page shows, he'll have access to the cash portion as it grows. He can use the money to help with the cost of school or just treat it as an emergency fund. Or, he could use some money along the way to fund his lifestyle or add to his retirement income.

## Lemar's Policy Growth Potential Over His Lifetime

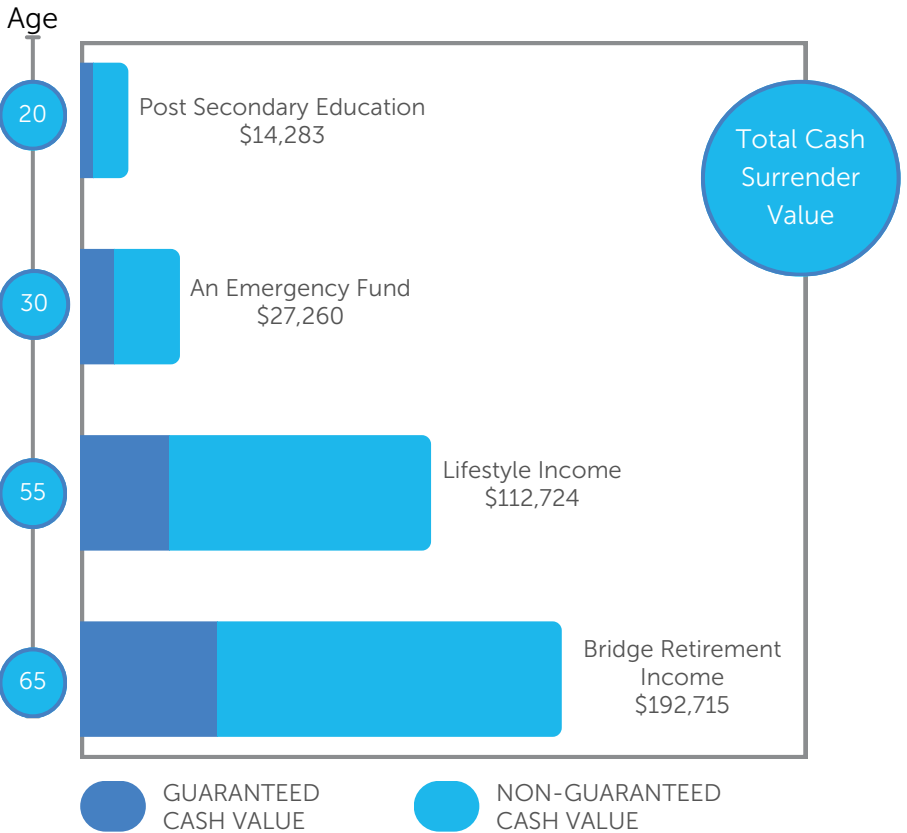


Chart caption: For illustration purposes only, as of January 2024. Age 0 based on male regular rates, paid paid-up additions dividend option, and on \$50,000 initial insurance coverage and current dividend scale. Future performance will be different than illustrated due to the variability of the dividend. All numbers in Canadian dollars. Current monthly premium, age 0 is \$57.15 payable for 20 years. The policy is "paid up" at age 20.

This is all possible because Susan is proactive and always thinking of ways to protect her family and give them the greatest advantages in life.

# Debunking common myths

**Myth #1. Children don't earn money so they don't need life insurance.**

Adults need life insurance to replace any income they would have earned before their retirement. This leads some to believe that kids don't need insurance because they don't earn a salary. While it's true they're not bringing home a paycheque, the benefits of insuring your child include protecting your own assets and ensuring your child has a financial leg-up.



## Myth #2. Life insurance is a poor investment.

Permanent insurance comes with a cash value<sup>2</sup> portion that typically includes lower-risk investments for earning and preserving wealth over a child's lifetime. The return on investment will be similar to any other investment managed to the same risk level over time.

### A word on risk

If you want to expose a portion of your wealth to higher risk for the potential of greater returns, do it in other parts of your financial plan to offset the more conservative nature of the growth in a permanent life insurance policy. Talk to your advisor about the role of diversification in financial planning.

#### DISCLAIMERS

*2 Cash values are accessible via a withdrawal, policy loan or surrender. These may be subject to taxation and a tax slip may be issued. Accessing the cash value of the policy will reduce the available cash surrender value and death benefit.*



## Myth #4. Buying life insurance means I think my kid is going to die.

In fact, it means you think they're going to live a nice, long life since you're investing in their future. Insurance protects you from the unexpected, not always the inevitable. No one expects their home to burn down or their car stolen, but they buy home and auto insurance just in case.

## Myth #5. Life insurance means I would benefit from my child's death.

Every parent knows the real benefit of children is watching them grow and turn into amazing adults with meaningful lives of their own. The amount of life insurance coverage that a typical parent would purchase is not life-changing money, it's just enough to pay for the expenses that may arise in this very unlikely scenario.





# How do I choose the right life insurance for my kid(s)?

Like most financial decisions, searching for the right solution starts with a clear definition of what you're trying to achieve. Here's how to begin shopping for a life insurance policy for children, and perhaps yourself as well.

## Step 1. Needs assessment

Hands down, the best way to make the right decision for your family is a one-to-one chat with a knowledgeable and objective advisor.

## Step 2. Research multiple providers

Research may reveal that some providers offer benefits in addition to coverage that align more with your needs and values. For example, Serenia Life offers the **Bundles of Joy Benefit** a \$100 baby bonus when you buy a life insurance policy for a baby in their first year.



### Step 3. Get a few quotes

Life insurance for children is relatively straightforward, so don't expect a huge variation in premiums. But it still pays to shop around.

[Get a Quote from Serenia Life](https://go.serenialife.ca/life-insurance-children)

[go.serenialife.ca/life-insurance-children](https://go.serenialife.ca/life-insurance-children)

### Step 4. Know what you're buying

Purchasing life insurance from an agent allows you to ask questions and get a clear understanding of what you're buying and how it works.

### Step 5. Ask what makes each provider unique

Now, you've got a good idea of what life insurance will cost and narrowed down providers. To complete the process, take a look at what else they offer. For example, Serenia Life provides monthly payments for bereaved children, reimbursements for first aid training, a free online will, and seed money for fundraising events<sup>3</sup>. We'll even help you pay for a lawyer to draft or update your will every five years.

<sup>3</sup> Serenia Life Financial's member benefits and programs are not contractual. They are subject to change and maximum funding limits.



# Why should you choose Serenia Life life insurance?

As a member-based organization that's been around for nearly 100 years, we encourage kindness by sharing our profits through community outreach, fundraising, and unique member benefits that help Canadians support their family, their community, and the causes they care about. The more we grow, the more we can give. We provide members with access to a growing collection of member benefits that make a positive impact on their lives and the lives of others.

Member Benefits<sup>3</sup>, such as:

- \$1,000 post-secondary scholarships
- \$250 seed funding towards fundraising events
- Free digital wills (value: \$189)
- \$150 reimbursed when drafting or updating a Will and/or Power of Attorney through a lawyer.
- and much more!

[View a full list of our member benefits.](#)

[serenialife.ca/member-benefits](https://serenialife.ca/member-benefits)

<sup>3</sup> Serenia Life Financial's member benefits and programs are not contractual. They are subject to change and maximum funding limits.



## Let us help

Life insurance is an important part of a financial plan that can protect your entire family and provide opportunities to create lifetime wealth. To get the best long-term value for your money, talk to an advisor about all the ways you can incorporate insurance planning into the things you already do to care for your loved ones.

[Connect with a Serenia Life advisor](#)

"Serenia Life Financial" is an alternate business name used by FaithLife Financial.  
All benefits are provided, and all policies are underwritten, by FaithLife Financial.

**Human. Kind.**

 **Serenia Life**  
FINANCIAL