

Best way to secure your child's future

Being a parent is possibly the toughest financial responsibility there is. But with proper planning, one can work towards achieving the financial goal of providing the best



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NO, I am not disputing the rewards and fulfilment that only parents have, but I will say that there's little as expensive as bringing up a child. Your bundle of joy is also your responsibility.

Not just physically, mentally and emotionally, but also financially. As you watch your child grow into a mature and independent adult, there's an amazing amount of strain on your purse.

Your financial commitments are driven by your child for a long time. So, what can you, as a parent do to ensure that your child gets the best that money can buy? To understand the costs that a child will bring in to your life is best understood by splicing the child's growth stage into three or four parts. After all, it's at least 20 years before your child can start earning. You may wonder where the money for 20-25 years of supporting your child comes from.

BABY STEPS

There are several ways in which one can work towards planning a child's financial future. One can consider accumulating gold coins, opening bank accounts, and recurring deposits, investing in mutual funds through systematic investment plans and public provident fund (PPF). Though these options offer the scope to build a corpus, they do not have the security of insurance that guarantees a corpus that takes care of your child's financial future.

While there are financial products that parents can consider to save for their children, the one product that scores the most is life insurance. Not only does insurance save for your child's future financial needs, it also make sure to take care of a situation where you may not be alive to meet your child's financial needs. With insurance plans you will create the much-needed expense head for your child, like any other financial dependent. This works especially well when the child needs money to pursue education

to be financially sound in the future.

WHY INSURANCE?

Child plans from insurance companies are your best bet in planning for a child's future milestones. When going for a child insurance plan, start by considering the cost of your child's education.

You can also include cost of marriage or setting up a business or just a corpus that your child can use at the time of finishing their education. Factor in inflation to these present day costs to arrive at the target amount. A child insurance plan provides cover for the child's parent for a specified term so that if something goes wrong with the parent, the child's future is not in jeopardy.

The choice of the policy should be

SPlicing CHILD'S GROWTH STAGE	
Stages in a child's life	Age
Pre-birth and pre-school	0-3
School phase I	4-13
School phase II	14-17
Higher education	18-22
Marriage	After 21

based on your comfort level with risks and the flexibility that the policy promises to offer.

Before buying any life insurance product, it is important that you review your financial plan/conduct that helps clarify your needs and also helps you understand your priorities and your risk appetite. It is important at this stage to meet with your trusted financial institution that can best help you conduct this review and also understands your financial circumstances — such as your trusted bank. Buying life insurance through a bank account allows you the convenience of managing your payments and keeping track of your investment and insurance requirements from your account. Speak to your bank to assess your financial needs and work out a plan that works for you. ♦

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