



## Planning for Families Without Children

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Some advisors make a distinction between “childless” couples, i.e., people who currently do not have children but may in the future, and “child-free” couples, those who do not intend on having children ever. Our focus is on the latter group.

According to Pew Research, about 44 percent of non-parents ages 18 to 49, say they are unlikely to have children, which is up from 37 percent in 2018<sup>1</sup>. There are a number of reasons cited for this, among them medical or financial reasons, their partner's age, not having a partner at all, or the state of the world.

For people with no children, and those who don't plan to have any, some common concerns may include: getting the care needed in their last days, and figuring out who will carry out their wishes, once they have passed away. Planning for these issues can help alleviate their concerns and make them feel at ease. This means, among other things, carefully considering who to appoint as power of attorney or executor of their estate.

Another big issue is selecting the beneficiaries to your estate. It can be a much more difficult choice when the obvious answer—your children—is not an option. Almost all “child-free” couples have certain people or causes they want to help. It may be siblings, nieces and nephews, or a charitable organization. And, as with couples who have children, life insurance can help.

Life insurance can be an excellent way to make a significant charitable gift. A relatively small premium payment can result in a relatively large gift. For a “child-free couple”, the simplest approach would be to designate a charity as the beneficiary of an existing policy or gifting the policy outright to the charity. In some circumstances, a donor can pledge premium payments to a charity so that the charity can purchase a life insurance policy on the donor. This can only be done with donors who regularly donate to the specific charity and in significant amounts, subject to underwriting approval.

If you designate a charity as beneficiary, it may be quite a while before they receive any benefit. However, if you gift the policy outright, the charity immediately takes over as the policy owner. Even if future premiums are required, you can make annual cash contributions to the charity. But understand: as the policy owner, the charity can choose to place the policy on a “reduced paid up” basis, surrender the policy immediately and keep the cash value, or perhaps take a loan against its cash value.

If you gift the policy outright, you could be eligible for a tax deduction in the year the policy is gifted, provided the gift is to a qualified charity. As always, consult your tax-advisor for specific information about tax deductions.

For “child-free” couples, the need for life insurance for wealth or business continuation purposes, may be less. But without children in the picture, the need for long term care may be even greater. The role children play in helping their elderly parents is often overlooked. If you can’t move in with your kids, you may have to deal with relatively less family support and little access to informal care. So, professional caregivers may be more essential.

Long term care insurance policies have become consistently more expensive over the last few years. As rates have gone up, many people have instead turned to life insurance policies with a chronic illness rider.

Additionally, annuities play an important role in many financial plans, especially for “child-free” couples, who may be less concerned about passing their assets on to their heirs. A guaranteed lifetime income from an annuity can simplify your overall retirement plan and help ease your financial worries. And without children, you have more flexibility and can make annuities a bigger part of the overall plan than you otherwise might have.

And don’t forget about the potential surviving spouse. If that person lacks financial sophistication, you might think about appointing a professional fiduciary to help manage finances. This could include paying the bills and managing the portfolio.

All of these are issues that could easily apply to a family with children. But they become even more important for a family *without* children.

### For More Information Contact:

**There are many other considerations which may impact your unique situation. Contact your Security Mutual Life insurance advisor today to review your goals and objectives for yourself, your family, or for your business. Your SML insurance advisor will work closely with your tax and legal advisors to create a plan that best fits your goals and objectives.**



<sup>1</sup>Brown, Anna. “Growing share of childless adults in U.S. don’t expect to ever have children.” [pewresearch.org. https://www.pewresearch.org/fact-tank/2021/11/19/growing-share-of-childless-adults-in-u-s-dont-expect-to-ever-have-children/](https://www.pewresearch.org/fact-tank/2021/11/19/growing-share-of-childless-adults-in-u-s-dont-expect-to-ever-have-children/) (accessed April 5, 2023)

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