New Baby Life Insurance

FREE GUIDE

The first year life insurance guide for new parents (PDF)

Term life insurance in plain words, from the due date to the first birthday

A baby depends on a parent's income and care for many years. Term life insurance is the simplest tool for covering that gap if a parent dies. This guide shows how to choose, in order, without guessing.

1. What term life insurance does

You choose an**amount** and a**term**, usually 10, 15, 20, 25 or 30 years. If the insured parent dies during the term, the policy pays the amount to the people named on it. If the term ends and the parent is alive, the policy stops and pays nothing. That is why term costs far less than permanent coverage.

- The premium usually stays level for the whole term.
- Death benefits are generally not taxed as federal income. The IRS explains the rules in Publication 525.
- Many term policies can be converted to permanent coverage during a conversion period, usually at higher premiums.
- A baby rarely needs a policy. The parents' income and care are what a baby depends on.

2. Choose an amount in five steps

1. Income to replace: the yearly pay of the parent you insure, times the years your family would need help. Many families count until the youngest child can support themselves.
2. Debts: the mortgage balance, car loans, student loans and card balances. Count the mortgage once, not twice.
3. Childcare and extra help the insured parent gives today, per year, times the years needed.
4. A future goal such as college or training. The amount is your choice, and zero is a fine answer.

General education, not insurance, legal or tax advice. Figures are examples unless a source is named. Prices and rules vary by state and insurer.

5. Final expenses. Then subtract savings you would spend, work coverage and any policy you already own.

> Do each parent separately. The parent who earns less, or nothing, still does work that would cost real money to replace.

3. Choose a term length

Count forward from today. A 20 year term bought for a newborn reaches about age 20. A 30 year term reaches about age 30 and outlasts a mortgage taken out this year. Take the later of two dates, the year your youngest can support themselves and the year your biggest debt is paid off, and pick the next term length that covers it.

Your situation	A common fit	Why
Newborn, 25 or 30 years left on the mortgage	30 year term	It outlasts the mortgage and leaves a cushion
Newborn, mortgage nearly paid or renting	20 year term	It reaches the age a child is likely independent
Four year old, 14 years left on the mortgage	20 year term	It runs past age 22 with room to spare

4. What it may cost: published sample rates

These are monthly sample rates for a 20 year term, nonsmoker, average health, updated September 22, 2026, from one guide's analysis of quotes from 21 carriers. They are samples, not quotes.

Age	Sex	$250,000	$500,000	$1,000,000
30	Woman	$23	$32	$60
30	Man	$26	$38	$74
35	Woman	$24	$37	$68
35	Man	$28	$47	$85
40	Man	$35	$59	$109

Smokers pay much more, and some health conditions raise the price. Waiting costs money: for a 35 year old man, $1,000,000 is $85 a month, and at 40 it is $109.

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5. Name beneficiaries when your child is a minor

An insurer usually will not pay a young child directly, and a minor cannot legally manage a large sum. Parents commonly choose one of four paths: name the other parent, name a trust, name a custodian account under UTMA or UGMA, or name a trusted adult. Rules vary by state, so ask a lawyer in your state.

- Name a primary and a contingent beneficiary.
- Use full legal names and dates of birth.
- A policy decides who gets the money. A will decides who raises your child, so name a guardian there.
- Review the form after a birth, a move, a divorce or a death in the family.

6. The first year, in order

When	What to do
Before the due date	Apply for both parents. Ask if an exam is needed and book it for a quiet hour.
First month	Tell your employer's benefits office, check group coverage and update beneficiary forms.
Months 2 to 3	Write a will and name a guardian. Store the policy where a trusted person can find it.
Months 4 to 12	Review the amount after a raise, a move or a second child. Ask about a child term rider.

What this guide cannot do

It cannot see your health, your tobacco use or your job. An insurer looks at all of them, and nobody can promise approval or a price before the insurer reviews your answers. A licensed agent can compare insurers and read the health questions with you. You never have to buy.

Sources

- NAIC Life Insurance Buyer's Guide
  content.naic.org/sites/default/files/publication-lig-lp-consumer-life.pdf
- NAIC consumer page on life insurance
  content.naic.org/consumer/life-insurance.htm
- IRS Publication 525
  www.irs.gov/publications/p525
- Social Security survivors benefits
  www.ssa.gov/benefits/survivors/

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