

## Providing for children with special needs

[Meera Siva/Nalinakanthi V](#)



JITENDRA P S SOLANKI, Founder, JS Financial Advisors

If providing for children's financial security calls for so much planning, imagine how much care special needs children would require. Jitendra P S Solanki, Founder, JS Financial Advisors, who is also a SEBI-Registered Investment Adviser CFP and Planner for Special Needs Member Families, elaborates.

### **What are the products available to families with special needs children?**

There are no life insurance products for special needs children. LIC's Jeevan Aadhar and Jeevan Vishwas were withdrawn. For health insurance, besides Nirmaya, Star Health has a product for children with Autism — a group insurance benefit wherein maximum of ₹1 lakh can be claimed. Health insurance does not cover mental retardation and even for other disability, expenses related to their disability are permanently excluded.

Besides, there are differences in tax treatment. When parents invest in the name of their minor child, investment is normally clubbed with the parents. But with special needs children, it does not get clubbed and a separate tax file can be created.

### **What aspects should parents plan for when coming up with a financial plan?**

The first aspect is expenses for therapies and other medication. One needs to consider different life stages for planning — the child becoming a major; parents reaching their retirement and the death of either of the parent.

Obtaining legal guardianship for the child on attaining the age of 18 is important. Estate planning related to making the child beneficiary in financial assets needs to be addressed. Appointing the right guardians is a very important aspect for families with special needs children.

Likewise, selecting the right caregivers and trustees who will be responsible for the child, needs special attention. Caregivers need to be made aware on the child's requirements — a Letter of Intent, although not a legal document, can be considered for this. Will and a Trust should be factored in the planning. Options for the child's residential needs when parents are not there must also be factored in the estate planning.

### **What are some considerations when planning?**

There is need for regular income and desire to avoid risk. So, many families tend to invest heavily in real estate for rental income or over-invest in life insurance for safety. Savings must provide enough returns to beat inflation; so exposure to growth assets such as equities is essential and some volatility risk should be considered. Annuities may be an option but need to be evaluated for the specific situation. Diversification, avoiding illiquid asset classes and starting early are three critical factors to meet the requirements of two generations.



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