

Important Age Limits When Parents Send Kids Off To School - College Expense Planning

Auto insurance

Kids can stay on their parents' auto insurance even if they have moved out and they're away at school and still listing the parent's home address as their primary residence. In addition, children not enrolled in school, considered an eligible dependent (insurers have different definitions), still drive a vehicle owned and insured by a parent, are eligible to stay on their parent's insurance.

If an adult child has a driver's license and is living in at home, then normally your auto insurance company may require that she or he is listed on your policy, regardless of their age.

People living in the same household have access to the insured vehicles, so insurance providers want all licensed household members placed on your car insurance policy. This allows your auto insurance company to look at all drivers' risk factors and calculate car insurance rates accurately.

Health Insurance

Per federal law, a child can remain on their parents' health insurance until their 26th birthday in most states. There are no restrictions before then, so the child is eligible for coverage under their parent's plan even if married, and/or not in school.

Claim As Dependent For Taxes

The Federal Government allows you to claim dependent children until they are 19. This age limit is extended to 24 if they attend college. If your child is over 24 but not earning much income, they can be claimed as a qualifying relative if they meet the income limits and/or if they are permanently disabled. In order to be claimed as a dependent, a child cannot have a gross income of more than \$4,300 in tax year 2021 or 2022.

Source: IRS

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