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'Money \$ense': Financial planning issues for new parents

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A NEW BABY will bring many changes to your family's life. One change will surround your finances. Here are just a few of the financial areas you might want to review:

You might have a budget you follow regularly. It's best to review your budget and try to save prior to the baby's birth to be sure you can meet your future needs. You will want to build an emergency reserve in case the unexpected happens. A new family member will certainly mean new expenses. If you or your spouse plan to quit your job to stay home with the little one, there are going to be changes surrounding this, as well.

Besides the day-to-day food and diapers, there are other costs. You might pay more for housing if you need more space. Maybe you have a small car and now need a bigger or more reliable one. Car seats can take up space. Medical expenses will increase as the baby needs checkups and insurance coverage. Maybe you incur child care costs if you decide to continue working.

These are just the ongoing expenses. The birth of a baby will mean new furniture, a stroller, high chair, and a car seat. Even sheets for the crib will be an additional expense. It is often good to shop around and ask other parents what worked best for them.

If providing your child a college education is on the list, it is best to start early. Even a little saved over a long period of time will help when it's time for college. There are some saving vehicles to help you do this, such as a 529 plan, for example. Explore your options.

It is not pleasant to think about, but estate planning is another important topic to review. Review your wishes and decide what you would like to have happen if you pass away before your child grows up.

A will is needed to nominate a guardian for your child. If you do not nominate one, the court will do it for you. Be sure the person you choose wants the responsibility and has the energy to do the job of raising your child. You might want to name a contingent guardian just in case the person you choose isn't able to do so at the time of need.

You might also need a trust to help manage your assets for your child. For accounts that pass via beneficiary designation, be sure to review the beneficiaries to be certain they are up to date.

A final area to review is your insurance coverage. One coverage that comes to mind is life insurance. Decide what you would like to provide your family in case you pass away. Do you want insurance proceeds to pay off the mortgage or provide an education on top of income to live on? Do you want to provide funds to pay for child care? These are some questions to explore.

Health insurance is another big area of concern. Understand what your policy will cover and the cost. You might want to review how claims are submitted and handled. Maternity coverage is important to plan, so check with your employer to see what benefits are provided.

People don't often consider disability insurance. This coverage will provide income to your family if you are in an accident or ill and can't work for period of time. It is often provided through an employer, and it makes sense to start there when reviewing this area.

Children may cause changes in your tax filing. There are credits available for child care. It is good to take time to review the impact your child has on your tax return.



Having a child is an exciting time for a family but there are a lot of financial considerations to review. Given this, it is always best to start early and plan ahead.

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