https://www.unionleader.com/news/business/money_sense/marc-a-heberts-money-ense-the-financial-impact-of-parenthood/article_0eca4486-4268-5638-ae82-d7b697f9942d.html

Marc A. Hebert's 'Money $ense': The financial impact of parenthood

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Becoming a parent can be one of the most exciting occasions a person can experience. The feeling is both wonderful but also a little scary. It's a long road from infancy to adulthood. Raising a child involves navigating many financial challenges along the way.

How expensive is it to raise a child? An annual report from 2015 called Expenditures on Children by Families provided one possible answer. It estimated that raising one child in a two-parent family would cost between $174,690 and $372,210 in total over the child's life until their 18th birthday. The variance in the range depends on the family's household income.

Raising a child is obviously expensive. What are some steps you can take to prepare for the cost? The first step is to review your budget. Some living expenses increase during parenting years. For example, you should expect an uptick in food, clothing and health insurance costs. There might be whole new categories of costs such as child care. You might also be planning for a college education. Another change might be to household income. If a parent decides to stay at home, household income is going to drop. However your budget works out, be sure to keep your goals and priorities in mind.

Speaking of college educations, the sooner you start saving, the better your chances of meeting your education goals. Everyone knows a college education is costly. According to College Board, for the 2018-2019 school year the average cost at an in-state, four-year public college is $25,890 per year. This amount is even higher at a private university. Plus, the costs can be even greater if you want to add graduate school to the equation. The secret to saving here is to put a little money aside each and every month. Over time, and there are about 18 years to go, the savings can really add up.

You may have planned your finances well, but one event that could upset the outcome is disability. If you or your spouse become unable to work, you may not be able to continue with your existing financial situation and plans. This is where disability insurance can help fill the gaps. Check if your employer offers this type of benefit. If your employer does not provide coverage or if the benefit paid is too low to meet your needs, you may want to consider purchasing a disability policy. This is an area to review and settle before anything unfortunate happens.

Another situation to consider as a parent is what would happen to your family if you or your spouse passed away. The most effective way to manage this risk is to purchase life insurance. It is important to consider how much to purchase. What will it take to help your family with paying living expenses and any debt such as a mortgage? Do you need an amount to cover child care expenses? Do you want to have college tuition costs covered? It is important to review this sooner rather than later. The cost of insurance depends on factors like age and health. The type of insurance you choose to purchase plays a part in the cost as well.

One final area that raising children may impact is the ability to save for your own retirement. It can be tough to pay for everyday expenses, college funds and retirement all at once. In an ideal scenario, it would be possible to fund all of your goals regularly. But if this is not feasible, consider that your child may receive financial aid or scholarships to help pay for their college education. You don't have this option for your retirement. Prioritizing your goals can help you make decisions on where to save. Be sure to review your goals and progress regularly and make adjustments when needed.

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