

# Financial Checklist for New & Expecting Parents

Important tasks to tackle before...and after baby arrives!



## Evaluate Your Finances and Cash Flows

- Review your spending habits, savings, and understand money coming in and out. Add up your income and subtract your current fixed expenses such as utilities, groceries, gas, loans, etc. The amount leftover will go toward savings goals, retirement, childcare expenses, and discretionary spending.
- Discuss possible income changes. Will one of you quit your job to take care of your child at home? Will you switch from full-time to part-time work?
- Understand your company's maternal and paternal leave policies, and budget if you'd like to take a longer leave without pay.

## Save for Newborn Baby Expenses

It can be easy to overbuy on the endless gadget and gizmos that new parents think will make their lives easier. Stick with and budget for the basics (crib, stroller, car seat, diapers, wipes, bottles) and learn what else you might need after baby arrives - depending on their needs...and yours! Better yet, ask for the basics as baby shower gifts and add to savings for any extra's that end up soothing your baby and allow for an extra hour or two of sleep for you later on!

## Understand Your Health Insurance

Review your current plan to determine what maternity benefits are and are not covered; and ask how the addition of a child will affect your current premiums. Following birth, be sure to add your child onto your family healthcare plan. Contact your employer's benefits department, or reach out to your individual health care provider for assistance doing so.

## Tackle Your Bad Debts

There is a difference between bad debt and good debt. Debts that are generally okay to maintain as part of life include home and auto loans, and even student loans for a period of time (as long as you have a plan and are regularly making payments). The primary BAD debt to avoid is that of credit cards. A running credit card balance means you are spending more than you are bringing in each month. Take a hard look at your financials to determine where you can cut costs and redirect funds toward payoff of your cards...ideally before baby arrives. Otherwise, the additional financial burden a baby brings will only add to your existing credit card debt.

## Build Emergency Savings and Pay Yourself First

- This is important regardless of adding a child into your financial picture. A rule of thumb is 3-6 months' worth of expenses in an emergency fund- what is this? It's just a savings account that you have access to if needed in an emergency (car breaks down, fridge goes out, hailstorm damages the roof, etc.). Your emergency fund need rises with a child, alongside the additional expenses that coincide. Evaluate and replenish this fund on a regular basis.
- While establishing and funding accounts for your new child is important, it is crucial to pay yourself first in terms of savings toward various goals. Ensure you are saving in your company retirement plan (at least up to any employer matching contributions), as well as other buckets you deem important in bringing value to your life today and in the future. This may include a desire to travel regularly, charitable giving, purchase of a boat, moving, and/or early retirement goals.

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## Life Insurance Considerations

Now that someone is dependent on your income, it may be time to consider a life insurance policy. Meet with your financial advisor to understand the various types of policies and what they cover.

## Plan in Advance for Child Care

- Childcare will be your largest expense and is difficult to plan for – from a financial and emotional standpoint. It is best to start early (like a few months into your pregnancy) in interviewing and asking for referrals from friends and family for childcare recommendations. This will provide you peace of mind in leaving your child in good hands when the time comes to head back to work.
- From a financial standpoint, it is crucial to wrap your head around this cost and begin building this expense into your monthly budget early-on.

## Establish Savings Account for Baby

Once you have your own financial house in order, consider establishing a minor's savings account (i.e. UTMA/UGMA) and/or a college funding account to stash the cash your new baby will receive from family and friends for various holidays, birthdays and special occasions. You'd be surprised how large this account will grow if you start early – and if you ask your loved ones to give money instead of toys – especially when your child is too young to know the difference (and will thank you later in life)!

## Create/Update Legal Documents

Create or update your Estate Plan documents to reflect your wishes in the event of death or disability. Consider Power of Attorney for Financials and Healthcare, Trust, Will, and updated Beneficiaries on accounts (bank, company retirement plan, IRA, etc.) and assets (home, other property owned, etc.). The conversations surrounding this topic are difficult but vital to ensure you have a plan in place for the physical and financial support of your child if something should happen to you.

## Meet with your Financial Advisor

Much of the above tasks can be accomplished by meeting with a holistic financial advisor who works in concert with you and other professionals to get your financial house ready for your new addition. At ARK, we address these important financial planning needs and decisions to provide peace of mind, time and space for you to enjoy your precious bundle of joy!

Call (314-353-9924), or email ([Lisa@ARKFinancialWellness.com](mailto:Lisa@ARKFinancialWellness.com)) us today to learn how we can help in your journey to – and thru- parenthood!

## Source:

<https://www.moneygeek.com/family/resources/financially-preparing-for-a-baby/>