

Six Smart Financial Moves for New Parents



By the time your baby is 18, you will have spent close to a quarter-million dollars on your little bundle of joy. But, expensive as they are to raise, few things are as life-affirming and confer as much genuine satisfaction as watching your child grow up. Prioritizing personal finance as soon as you start contemplating adding to your family or as soon as you find out you're expecting helps you establish good habits and make the most of your money. Here are 6 personal finance tips, in rough chronological order, to help ensure your baby's bright future.

1. Create a Budget for After Your Baby's Arrival

If you're a first-time parent or if it's been several years since your last child, you may be clueless about the cost of baby expenses for the first year. BabyCenter.com has a baby cost calculator that can help you estimate first-year expenses. Be sure your new budget accounts for time off from work after the birth, or a decrease in income if one parent will stay home with the baby.

2. Quash Debt and Build an Emergency Fund

Work toward eliminating credit card debt as soon as you plan to have a child, and do your best to save at least three months' living expenses in an emergency account. If one parent will be quitting their job after the baby arrives, try to save six months' living expenses before he or she stops working.

3. Plan a Comprehensive Insurance Review

You should review your life insurance needs in light of your growing family. If you're young, term life insurance is inexpensive and necessary. You may be able to purchase disability insurance through your employer. Get in touch with the Primerica rep who sent this to you for a no-hassle review. Good term life insurance is very affordable and the rates remain the same for the life of the policy.

4. Make Your Will

As emotional as this task can be, it is essential. You need a will in order to appoint a guardian for your child(ren), and you do not need to know the name of your offspring to make a will.

5. Put Cash Gifts into a 529 Account

Most states offer 529 plans, education savings plans that help families save for college. In most cases, your choice of school is not affected by which state your 529 plan is in. This account offers tax-free growth and withdrawals for college, and some contributions may be tax deductible. Get in touch with us to discuss this!

6. Prepare to Enroll the Baby on Your Health Plan

You'll have 30 days after your baby's arrival to put him or her on your health insurance plan. Get the paperwork and fill out as much of it as possible before the birth so you'll have less to do once he or she is here.

After Your Baby Arrives

Remember that the sooner you start saving for college, the better. Time plus compounding are your best friends when it comes to saving for education. But also bear in mind that saving for your retirement is, if anything, more important than saving for college. They don't offer scholarships for retiring.

Personal finance takes on a new dimension when you add a child to your family. Start early, plan carefully, and you can minimize the financial bumps that come with expanding your family. We offer numerous terrific personal finance tools that can help you budget, track spending, and keep track of what you're saving for your child's education and your own retirement.