

# BABY-PROOFING YOUR FINANCES

PLANNING FOR LIFE

PREPARE FOR PARENTHOOD WITH OPEN EYES AND SPECIAL FINANCIAL CARE

**SO, YOU'RE GOING TO BE A PARENT.** Exciting? Yes. Scary? Certainly. While finances may seem to be a daunting part of your new, more fiscally responsible life, this is just the beginning of navigating all that having a child brings. No doubt, you want to be debt-free with a solid retirement plan in place and the ability to take care of college costs. Don't be afraid to ask for help from a professional to put a plan in place designed to reach your goals – the best way to overcome fear is to acknowledge concerns and make a plan to address them.

The first year of baby's life is hectic – checkups, first smile, first teeth, first steps – so it's a good idea to get as much done as soon as you can. As time goes by, and your to-do list is checked off, you'll thank yourself for baby-proofing your finances.



## ▶ MAKING THE DECISION TO HAVE A BABY



**PAY DOWN DEBT AND SAVE.** Strive for a cushion of three to six months' worth of living expenses.



**PREPARE YOUR POST-BABY BUDGET.** This can include everything from a larger home or safer car to anticipating new costs such as baby supplies, and unplanned or uncovered prenatal through delivery expenses.



**CHECK YOUR BENEFITS.** Look at paid and unpaid maternity and paternity leave options available to you. Fill out the FMLA paperwork as soon as you know the estimated dates of leave and return.



**GET SAVVY ABOUT INSURANCE.** Review the life insurance offered by your employer, then consider supplementing it with a term or whole life policy. Disability insurance is also a good idea.



**CONSIDER ADDITIONAL NEEDS.** For couples who want to legally adopt their partner's birth child, there are significant costs and other necessities to plan for such as having a domestic partnership in place.

# 1 in 3

More than 1 in 3 college-educated women will have children after 30.

This means they'll be closer to retirement age during their child's college years and potentially find finances competing for center stage ... all the more reason for a solid plan.

Source: National Health Statistics Report

RAYMOND JAMES®

## ▶ USING THOSE NINE MONTHS WISELY



**EXPLORE CHILDCARE OPTIONS.** Investigate what you're comfortable with as well as what you can afford. Can a family member care for the baby while you work, or can you share a nanny with another couple?



**PLAN FOR THE UNTHINKABLE.** Work with your financial advisor and qualified estate attorney to make sure your will is updated and all your bases are covered, this includes naming a legal guardian(s) in the event something happens to you or your partner.



**GET REAL ABOUT THE GEAR.** Talk to other parents to see what you need. Save money (and the environment) by buying some things secondhand, but always do your research and check for recalls.



**PRACTICE NEW WAYS OF SPENDING.** Put your post-baby budget into action as soon as possible to help ensure you're on track when baby arrives.

## ▶ PLANNING WITH BABY AT YOUR SIDE



**PLAN FOR YOUR CHILD'S FINANCIAL FUTURE.** But don't lose sight of your own. It's important to save for your retirement first. Consider a 529 savings plan, Coverdell Education Savings Account or other educational savings plans and deposit cash gifts.



**ADD BABY TO YOUR PLANS.** As soon as possible after birth, you should update any necessary beneficiary information in a current estate plan, wills, and health or dependent care documents.



**CONSIDER A TRUST.** Setting one up allows you to determine how your assets should be managed and distributed to your beneficiaries.



**CONTINUE TO TRACK YOUR SPENDING.** Stay ahead of any potential concerns and keep that emergency fund intact for true emergencies.



**ENJOY THE TAX BREAK.** Before you can claim your new dependent, your child needs a Social Security number. Make it easy by applying during the birth certificate process at the hospital.

**MATH HOMEWORK**

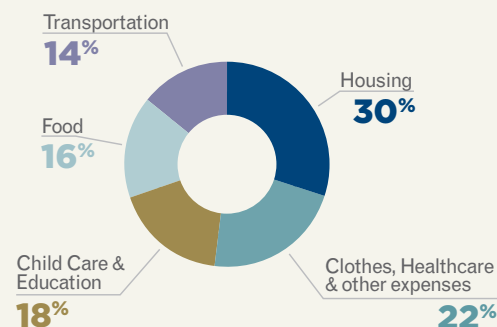
Your new addition will subtract from your bottom line.<sup>1</sup>



**\$245,340** up to age 18

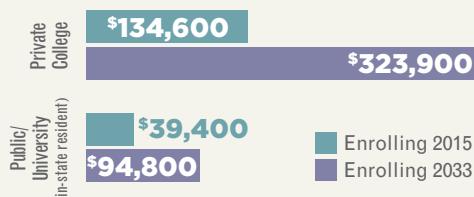
**\$13,630** annually

**\$1,135** monthly



**73%**

College costs are in addition to the above, and 73% of parents say it's their top financial concern.<sup>2</sup>

**Projected 4-year tuition and fees<sup>3</sup>**

<sup>1</sup> Source: U.S. Department of Agriculture, as of August 2014

<sup>2</sup> Gallop Economy and Personal Finance Polls

<sup>3</sup> Savingforcollege.com

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER

880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863

RAYMONDJAMES.COM