

# Financial Checklist For New(er) Parents

If you're a brand-new parent, or even if you've been one for a little while, you're no doubt filled with the many joys your child brings you. But as caught up as you are with the feelings and experiences of today, you also need to think about the future – specifically, the financial issues that accompany a growing family. What are some of the key moves you need to make?

Here's "checklist" to consider:

**\_\_\_ Establish a budget.** If you're going to meet the additional expenses of a child, plus make progress toward other objectives, such as paying down debts, you'll need to know where your money is going. Setting a budget, and sticking to it, may seem difficult, but once you've gotten into the habit, it will become easier – and for many people, following a budget actually gives them more of a sense of control over their finances. Over time, expenses related to your children will change, so you'll need to adjust your budget accordingly – for example, once a child is in school full-time, childcare expenses may drop, which could allow you to boost your savings.

**\_\_\_ Protect against the unexpected.** If something were to happen to you, how would your child, or children, be affected? Even a family with two working parents can face serious financial difficulties if one of the parents were to die prematurely, or even just drop out of the workforce temporarily due to illness or injury. To help ensure your family could still stay in your home and your children could still afford to pursue higher education, you'll want to create an appropriate protection strategy involving both life and disability insurance. Your employer may offer both, but the coverage provided may not be sufficient for your needs, so you may need to purchase your own policies. And here's another protection-related idea: Try to build an

emergency fund containing three to six months' worth of living expenses, with the money held in a low-risk, liquid account. Without such a fund, you might have to tap into your longer-term investments to pay unexpected costs, such as a major car repair.

**\_\_\_ Prepare for high cost of higher education.** You may already be thinking about sending your child to college. And it is indeed a good idea to start planning early because college is expensive, and it's getting more so every year. However, you can prepare for these expenses through a college-savings vehicle, such as a 529 plan. A financial professional can help you pick the investment, or investment strategy, that's appropriate for your needs. But whatever route you decide to follow, you won't want to wait until your child is close to college age.

**\_\_\_ Keep long-term goals in mind.** Even while planning for the costs associated with raising a child, including saving for college, you can't forget your other long-term goals. It isn't selfish to build resources for your own retirement – in fact, you'll ultimately be helping your family greatly by taking steps to maintain your financial independence throughout your life. So, during your working years, try to consistently contribute as much as you can afford to your IRA and your 401(k) or other employer-sponsored retirement plan.

Having a child is obviously a life-changing event, and one with considerable financial challenges – but they can be manageable if you make the right moves at the right times.

*This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.*

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