

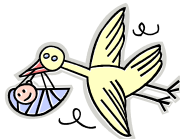
Financial Management

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Budgeting for Baby

Expecting a baby brings excitement and a need for planning. It can be great fun preparing for baby. It is also important to plan for the financial impact of a new family member.



The United State Department of Agriculture (*USDA) reports annual expenditures for one infant or toddler in a 2-parent household in 2005 to be about between \$7,300 and \$15,190. Their projection on the cost of raising a child born in 2005 until the age of 17 is \$139.00 to \$279,000. Those dollar amounts can be stunning for a soon-to-be family but with some planning before and after baby arrives, the costs can be manageable. (*includes housing, food, transportation, clothes, healthcare, child care, and misc.)

Planning for Baby's Arrival

1. **Currently**—In order to have a plan you need to start by knowing where you are now. The first step is to assess your current household finances. Put dollar amounts to the following items.



Total Monthly Income \$ _____
Total Monthly Expenses \$ _____
Total Monthly Debt Payments \$ _____

For Example:

- A. Total Monthly Income = \$2,800.00
- B. Total Monthly Expenses = \$2,000.00
- C. Total Monthly Debt Payments = \$600.00

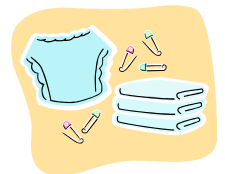
(UW-Extension has free simple forms that can be sent to your home. Call your local Extension office for more information.)

2. Anticipated Additional Expenses

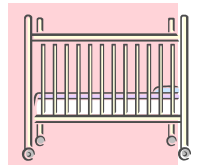
Consider baby's impact on your current household finances. Put monthly dollar amounts to the following items, then make the changes.

- * Monthly Loss of Income—unpaid family leave time \$ _____

- * Monthly New Ongoing Expenses—day care, diapers, wipes, formula, baby clothes \$ _____



- * New One Time Expenses—baby equipment such as a crib, car seat, stroller, playpen. (budget an amount to put aside each month to put towards these expense) \$ _____



For Example:

- A. Our income will decrease \$1,000 a month due to time off to care for baby. (subtract \$1,000 from Total Monthly Income—A)

Monthly Income will be: \$1800.00

- B. Our monthly expenses for ongoing baby supplies will increase our monthly expense by \$200.00. (add \$200 to Total monthly expenses—B)

Monthly Expenses will be \$2200.00

- C. We will need to spend \$1400.00 for baby Equipment. Monthly Debt Payment could increase \$50 (add \$50 to Total Monthly Debt Payment—C)

Monthly Debt Payment will be \$650.00

Before and After Baby Arrival to Decrease Financial Impact:

- ◆ Use your creativity to find alternative sources of income
- ◆ Incorporate money saving behaviors such as:
 - ☺ Eating at home rather than eating out or ordering in
 - ☺ Bring your lunch to work 2 times a week
 - ☺ Replace one soda a day with a glass of water
 - ☺ Shop differently, use coupons, buy generic
 - ☺ Buy gently used equipment or borrow items from family or friends who no longer need them
- ◆ Start a savings account for baby expenses
- ◆ Pay down or pay off credit cards,



Child Care Expenses

Child care is another big decision and large expense for families with young children. Finding quality care may be hard and you may need to pay more than you would like or travel out of your way to find the best care for your child. To locate licensed or certified child care in your area, contact the Wisconsin Child Care Resource & Referral Network at 608-271-1230 or info@wisconsinccrr.org

Insurance

New parents need to protect themselves, their family and their assets by reviewing their insurance coverage.

Health Insurance

Let your insurance company know when you add to your family. Call to determine any premium increase and calculate the impact on your budget. Health care costs can add up quickly and health insurance can provide financial peace of mind if a parent or child gets hurt or sick. You may also want to increase the amount of pretax dollars you set aside for dependent care and health costs.

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Reviewer: Nancy Coffey Wisconsin Nutrition Education Program

Other Insurances to Consider

◆ Life Insurance

It is important for families to replace income or cover college expenses if a parent dies.

◆ Disability Insurance

If you become disabled, this insurance can be useful to fill in the time between the disability and the six months it takes to be eligible for Social Security benefits. Check with your employer about types of policies and coverage that is available.

◆ Renters or Homeowners Insurance

Be sure to keep an inventory of household items, including all of the baby gear you acquire. Receipts and photos or videos are very helpful in determining your household inventory. Review your policy to make sure you have adequate coverage for your property, possessions and liability for anyone who comes into your home.

Do you qualify for Community Resources?

WIC (Woman Infant Children Nutrition Program)

Provides nutritious foods, nutrition and breastfeeding information, and referrals to other health and nutrition services. To find WIC in your area, you can call 1-800-722-2295 or go to <http://www.dhfs.state.wi.us/wic/>.

Child Care Assistance

For limited-income parents who are working or going to school, child care assistance may be available from your county human services department.

Health Care

If you do not have health insurance, you may qualify for a special program that provides insurance for children. Ask your doctor or nurse, or county health or human services department for more information.

Sources:

CUNA (Credit Union National Association) magazine article "Make Financial Room for Baby" by Carrie Anton 3/16/06

"Preparing to Parent" University of Wisconsin newsletter series

USDA "Expenditures on Children by Families, 2005".

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