

When Baby Makes Three

Brought to you by



A NINE-MONTH
CHECKLIST
TO GET YOUR
GROWING
FAMILY'S
PERSONAL
FINANCES IN
ORDER

PREGNANCY IS AN EXCITING TIME to prepare for your little one's birth. But it's not just a time to pick out names and paint the nursery. Texas CPAs encourage parents-to-be to get their financial house in order before bringing home baby. This nine-month checklist can help.

First & Second Months

SET A BUDGET FOR MATERNITY CLOTHES.

To save money, consider borrowing maternity clothes from a friend or shopping at consignment stores. Also, some clothes already in your closet (think empire-waist blouses or peasant tops) might accommodate your growing belly.

CONSIDER INCREASING YOUR FOOD BUDGET.

Late night trips for ice cream, plenty of fresh fruit and veggies, and indulging those strange cravings (sardines, anyone?) can really add up!

FIND OUT YOUR INSURANCE DEDUCTIBLE AND CO-PAYMENT AMOUNTS.

This will determine how much money you'll be paying for medical bills, doctor visits, your hospital/birthing center stay, etc. Begin to save as needed. Also be sure to ask your medical providers when payment is required. If you see that you will not be able to pay as expected, discuss this up front and make alternative arrangements.

Third Month

START THINKING ABOUT WHETHER OR NOT YOU WILL WORK ONCE THE BABY ARRIVES.

If one parent doesn't plan to return to work, try cutting expenses and living on one salary. Now's the time to see if you can make it work. Remember, you will save money on gas, dry cleaning and lunches if you opt to be a stay-at-home parent. If you will need childcare, start researching daycare centers, family care or nannies. Childcare is often the most expensive cost in raising a child and you'll want to carefully choose the option that works best for your family.

SET A NEW FAMILY SPENDING PLAN.

From diapers and duds that are constantly outgrown, babies cost a lot of money. There will be more surprise expenses during the first 18 years of your child's life than you could possibly imagine. On the flip side, you may save money on eating out and entertainment when you have a baby at home. Create a new family budget and stick to it.

Fourth Month

LOOK INTO PARTICIPATING IN A FLEXIBLE SPENDING ACCOUNT IF YOUR EMPLOYER OFFERS ONE.

These accounts let you pay for your family's medical and childcare expenses with pre-tax dollars, lowering your taxable income.

Fifth Month

CHECK ON YOUR EMPLOYER'S MATERNITY LEAVE POLICY.

If your employer doesn't offer full paid leave, now's the time to figure out how long you can afford to take off and start saving money to compensate for the temporary loss of salary.

Also check out any short-term disability plans you have to determine if they will compensate you for maternity leave.

Sixth Month

SHOP FOR YOUR BABY'S HEALTH INSURANCE.

Look at adding the baby to your employer's plan. Be sure to check your spouse/partner's plan too. Don't just look at the monthly premium when making your decision. Consider the deductible, office visit co-pays, and prescription drug coverage.

MAKE A LIST OF BABY FURNITURE AND EQUIPMENT ESSENTIALS.

Put your swollen feet up and do some comparison shopping online. Some purchases, like the highchair, can be postponed until baby is older.

Seventh Month

EVALUATE LIFE INSURANCE COVERAGE.

If you already have life insurance, make sure you have enough to support your spouse and child(ren). Regardless of whether or not both parents will be employed after the baby's birth, it is important to have some life insurance on both parents. A single parent will have considerable expenses. If you don't have it or if you don't have adequate coverage, talk to an insurance agent.

ALSO EVALUATE YOUR LONG-TERM DISABILITY INSURANCE.

Adults between 35-65 years old are more likely to be disabled than to die.

Eighth Month

JOIN A WAREHOUSE CLUB/DISCOUNT WHOLESALE.

Doing so can allow you to buy essentials like diapers and formula in bulk, saving you money.

RESEARCH AND PURCHASE YOUR CAR SEAT.

Hospitals usually require you to have one before you take the baby home.

Ninth Month

SET UP A COLLEGE SAVINGS FUND.

Take advantage of the power of compound interest and begin saving for your child's college education right away. Section 529 plans and Coverdell education savings accounts can help you save. Are friends and family throwing you a baby shower? You may want to tactfully suggest contributions to a college fund instead of more pink and blue booties.

UPDATE WILLS AND TRUSTS.

Though not pleasant to think about, you need to designate who will be the guardian of your child and receive your assets in the event of your unexpected and untimely death. An estate lawyer can help you create a will. Many parents have considered it a wise move to establish a trust in their will that would be funded by their life insurance to provide income to the guardian. It is important to consider whether the person who will make the best guardian is also the most competent person to handle the financial affairs. To create a system of checks and balances, you may want to designate separate people to be the guardian and disburse the trust funds.

Baby Arrives!

CALL YOUR INSURANCE PROVIDER (OR NOTIFY YOUR HR DEPARTMENT) TO START YOUR CHILD'S HEALTH INSURANCE COVERAGE.

Normally a child will be automatically covered for the first 30 days if one of the parents is insured. However, it is very important to complete the enrollment during that first 30 days to avoid any lapse in coverage or issues with pre-existing conditions.

CHANGE YOUR TAX STATUS.

Contact your HR department to complete a new W-4 form to reflect your newest dependent(s) so you'll have the right amount of federal tax withheld from your paycheck.

Remember your new bundle of joy when preparing your tax return. You may be eligible for the dependent care credit or a dependency exemption. Check with a certified public accountant (CPA) to learn more.

APPLY FOR A COPY OF YOUR BABY'S BIRTH CERTIFICATE.

For the birth certificate, check with the county your baby was born in and get his or her Social Security card (often done at the hospital or visit www.ssa.gov). Please note that the commemorative certificate the hospital gives you with your baby's footprints is not an official birth certificate. You must have a Social Security number for your child in order to claim him or her on your tax return.

SAFEGUARD YOUR BABY'S NEW SOCIAL SECURITY NUMBER.

To prevent identity theft, keep your baby's Social Security card in a safe place at home and only provide the number for legitimate reasons.

For more free personal finance information for parenthood and other life stages, visit

ValueYourMoney.org