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Speaker 1

Welcome, my name is Andrew Baron, and this is Well... It Depends! The podcast where I address financial decisions that can't be answered with a simple yes or no. In this episode, I asked the question, How do I prepare for a new child? But before we begin a short disclaimer, this is being recorded on November 14th, 2023. The contents of this podcast are strictly for informational purposes only, and nothing such should be taken as investment, tax or legal advice.

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It's important to consult with a professional before making any financial decisions, as the strategies discussed may not be suitable for you specifically.

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Getting into it. Expecting a new child means new expenses, everything from prenatal care and buying baby gear to setting up the nursery, these costs can add up quickly. Therefore, the first step is to assess your financial health. It's important to have sufficient savings set aside so that you are prepared for the unpredictability of having a new baby.

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Health care is another crucial aspect. If you have insurance, it's important to understand what your plan will cover in terms of prenatal delivery and postnatal care. Another consideration for many parents is the question of parental leave. In the absence of paid employer leave, you'll need to have a plan to make up your cash flow for these weeks or perhaps even months off.

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You may consider saving additional money today or look into short term disability options.

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After the baby arrives, we then have the question of childcare. Deciding between paying for childcare or having one parent stay home is an important financial decision and ties back to larger questions such as do you have sufficient savings and are you able to maintain your contributions to your retirement? Now is also a great time to check in on your life insurance options and set up a will as these can help protect your family down the line.

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While maybe easy to focus on the immediate needs of your newborn now is also an excellent time to plan for the future, such as setting up a college fund. Even if you can only make modest contributions at the beginning.

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To recap. Welcoming a new child entails various new expenses, encompassing everything from prenatal care to post-birth needs, baby gear, child care, and even college preparation. It's important to understand your health care coverage, as well as developing a strategy for your evolving financial needs. So to answer the question, how do I prepare for a new child? Well... It Depends!

Speaker 1: Andrew Baron, CFP®, EA