Welcome!

Financially Empowered
New Parents

Financial Lessons for Parents with Their First Child

We provide financial education for clients and our communities. Our agency facilitates hundreds of classes, workshops and presentations on personal finance EACH year. This includes schools, colleges, businesses, nonprofit agencies, government programs, churches, and more.
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Signs that there currently are or may shortly be financial troubles in your New Parent finances:

• **BUDGETING:** You are not regularly reviewing your household budget.
• **BUDGETING:** You have not considered any additional costs of having a baby in your home.
• **DEBT:** You can’t keep track of all of your doctor and hospital bills
• **DEBT:** Your credit card balances have gone up since your baby was born.
• **SAVINGS:** You have used money from your savings or, worse yet, your retirement fund to pay for your baby’s activities, supplies, bills, or other expenses.
• **SPENDING:** You enroll your newborn in paid classes (from music to learning to massage)
• **SPENDING:** You have not shopped around for child care, clothing, car seats, etc.
• **SPENDING:** You insist on providing all the latest products for your baby’s nursery.
• **SPENDING:** Your child has outfits and shoes that they have outgrown before ever wearing (overspending on clothing)
• **GENERAL:** You justify living paycheck-to-paycheck (or worse) because your child(ren) must have all of the benefits and opportunities life has to offer.
• **GENERAL:** You regularly read parenting magazines looking for new products to purchase.
• **GENERAL:** You suspect you might be spoiling your child.
• **GENERAL:** You lose sleep due to financial worries.
Unique financial pressures on New Parents’ wallets:
- Family loan for vehicle that fits the new family size
- Moving to larger home/apartment
- Food & Clothing
- Nursery needs
- Diapers
- Child care (in home, care center, au Pair, Nanny)
- Medical expenses
- Worrying about child’s college fund
Numbers (statistics) and their sources

- 35% & $500 - the percentage of parents who spent more than $1,000 a year on their child’s athletic activities (league fees, equipment, travel, etc.)
  Bloomberg, July 18, 2016
Open question:

In what ways does having a baby impact the financial life of his or her parent(s)?

Allow students to consider various household spending categories that will change with a new child
Working with the handout “Serving Up Baby’s Financial Pie,” have the participants guess which categories they feel the new baby will financially impact the most (1) down to the least (7).

Then, have them estimate the percentage of impact for each category. E.g. If they think that half of the increase in their expenses will be due to additional housing costs, then they would at “50%” next to the housing category.
Share the average impact of a child on each category and ask the participants which figure surprises them most and why?
What are some of the largest purchases and expenses new parents have to face? Some are needs while others are trends and wants.

Using the handout, “Connecting Common Purchases to Future Goals,” estimate how much average new parents might spend on the purchase or expense?

Next, in the column “Connect to Equal Value,” draw a line from child-related expense on the left to the Future Goal on the right that the participant thinks would be of the same value or price.

| 1. Brand Name/Designer Clothing Ages 0-18 (G $55K – Median Household Income) | 2. Childcare at Daycare Center for 3 years (C $40K – College Savings Account) |
| 3. Childcare at Home-based Care Giver for 3 years (E $30K – Emergency Savings of 6 Months) | 4. Childcare from Au Pair for 3 years (D $60K – Down Payment on a New Home) |
| 5. Designer High Chair (B $300 – Baby Swimming Lessons) | 6. Home Nursery Makeover (F $5K – One Week Disney World Family Vacation) |
Children, ages 6-8, are in the financial sweet spot for parents. While they still cost a lot to support, at this age, they are less costly than newborns through 5 years of age, and cheaper still than children ages 9 through their teen years.

0-5: $12,950/year
6-8: $12,800/year
9-17: $14,970/year

Source: USDA 2014
Not everyone can build masterpieces out of Legos, and not everyone wants to. During this activity, using the Workbook sheet, “Assembling Long-term Priorities Quadrants,” have the participants assemble their long-term priorities into one of four quadrants. To do so, they will need to answer two questions for each potential priority:

1. How meaningful is the goal?
2. How urgent/necessary is it?

If, for example, the participant noted that buying a new vehicle is meaningful but not urgent, they would write “New Vehicle” in the lower right-hand quadrant. In the end, the participants should be able to find the top priorities in the top right quadrant, followed by top left quadrant, followed by bottom right and then lower left.

Such exercises can help the participants to remove much of the emotional ties to planned and unplanned expenses.
With a better understanding of their future priorities, the participants are ready to design the financial framework of their own financial home.

Placing the most important goals (those from the top right quadrant of the previous activity) on the foundation of the home, proceed to write in priorities up the walls, on the ceiling and on the roof. The higher up the goal is placed, the less important it is to the participant.
Remember the end product is worth it!

When they are teenagers, you will likely question your investment, but it’s a rewarding job with the best benefits in the world.
What is the ONE step the students can take today that will get them closer to their own financial goals? Allow the participants to come up with their own answers.
NEXT LEG OF THE JOURNEY

• Complete additional workshops or webinars
• Have a budget session (together if married)
• Save an extra $10 this week for your own future
• Other?
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Debt Reduction Services Inc
6213 N Cloverdale Rd Ste 100
Boise ID 83713
Toll-free (877) 688-3328
www.DebtReductionServices.org
Education@DebtReductionServices.org
Twitter @EverydayMoney4U