

Financial Checklist for New Parents

A STEP-BY-STEP GUIDE

Congratulations! You or your kids (or grandkids) are expecting a baby. Just like that, life changes as preparations are made and plans are laid. We know the joys of parenthood are bountiful, even as the challenges multiply.

Believe it or not, there’s a financial planning piece of the new-child puzzle, and Adviser Investments is here to help. We hope that if you’re a new or expecting parent, you’ll find time to give this a read and start planning, or if you’re a new or expecting grandparent that you’ll share this with your family.

This checklist is drawn from our more than 25 years of experience advising clients through all stages of their financial lives. It’s a step-by-step planner designed to help you and your family navigate at least some of the financial obligations of parenthood.



Before Growing Your Family

The best time to begin financial planning for a new child is before they arrive. However, it’s never too late to get started.

RESPONSIBILITY	STEPS	✓	N/A
Begin budgeting (if you haven’t already)	Baby budgeting means more than just adding diapers to the grocery list. Shelter, insurance, clothing, child care and education also need to be covered. See the next page for an idea of what things could cost, as well as some ideas and resources on how to save and spend. Our Budget Worksheet will help you crunch the numbers (contact us for a free copy or go to adviserinvestments.com/reports/budget-worksheet.pdf).	<input type="checkbox"/>	<input type="checkbox"/>
Review your insurance coverage	Even if you already have life and disability insurance, you may need to update your policies to cover items like your child’s education expenses.	<input type="checkbox"/>	<input type="checkbox"/>
Gearing up	With your revised budget in hand, you’ll have an idea of what you can afford to spend on furniture and equipment for your child—think highchair, crib, car seats, clothing, strollers, nursing pillows and more.	<input type="checkbox"/>	<input type="checkbox"/>
Appoint a guardian	If anything should happen to you, you’ll want your child to be well cared for. Update your will to reflect your wishes, designate a guardian and leave clear instructions for your child’s inheritance.	<input type="checkbox"/>	<input type="checkbox"/>



After Birth or Adoption

Once you have your new child's name and other identifying information in hand, you can put your plans for their future into action.

RESPONSIBILITY	STEPS	✓	N/A
Get a Social Security number	You'll need a Social Security number to establish savings accounts in the child's name, to add them onto your health insurance and to claim them as a dependent when filing your taxes. For a newborn, your hospital should provide you with the necessary paperwork. For adoptees, the agency should be able to help.	<input type="checkbox"/>	<input type="checkbox"/>
Set up health insurance coverage	Notify your employer's human resources department of your new dependent within 30 days of the birth or adoption date.	<input type="checkbox"/>	<input type="checkbox"/>
Review your beneficiary designations	Paperwork on your work-sponsored retirement plans as well as your personal investment accounts will need to be changed if you wish to add your child as a beneficiary.	<input type="checkbox"/>	<input type="checkbox"/>
Start saving for education costs	UTMA accounts, Coverdell accounts and 529 plans can all be used to save for education costs. You can learn more about tax-free 529 plans, our favorite education savings vehicle, in our special report, Smart Ways to Save (and Pay) for Education .	<input type="checkbox"/>	<input type="checkbox"/>
Continue saving for your goals	Don't lose sight of your personal goals and long-term plans. Regular retirement contributions and continued funding of your savings and investment accounts will build a strong financial foundation for your family for the years to come.	<input type="checkbox"/>	<input type="checkbox"/>

Budgeting Tips for a New Baby

It's estimated that in their first year, a baby will add between \$10,000 and \$25,000 in one-time and ongoing expenses for the average American family. The table below breaks down some of the major categories of spending for budgeting purposes. Note that these figures can swing widely based on where you live, your current circumstances and how you choose to spend.

First-Year Estimated Costs		
Category	Description	Budget
Out-of-Pocket Insured Health Care	Costs for pre-natal, labor and delivery and follow-up care will vary greatly based on health care services required and your insurance coverage. Your insurer will be able to tell you the maximum you'll have to pay out of pocket.	\$4,000–\$15,000
Child Care	Nine months of daycare at a center. Varies greatly by region/provider.	\$3,000–\$11,000+
Housing & Transportation	On average, married couples with children spend significantly more on housing and transportation than married couples without kids.	\$7,000
Life Insurance	\$1 million policy premium for each parent; assumes they are a healthy 30-year-old man and woman.	\$700
Diapers, Wipes & Clothing	12 months of disposable diapers and wipes, along with \$60 a month on clothes.	\$1,800
Food & Nursing	Includes six months of formula and solid food, bottles, a highchair and breastfeeding supplies.	\$2,250
Furniture & Gear	Crib, mattress, bedding, gliding chair, changing table, car seat, stroller, carrier, bouncer, diaper bag, baby monitor, bathing/grooming supplies, childproofing, etc.	\$1,550
Miscellaneous	Toiletries, medicine, toys and books.	\$950
Education Savings	Education savings are optional but starting early makes a big difference.	\$600+

Note: Table uses assumptions about "average" spending and costs based on our estimates, third-party survey results and government data. These numbers should serve as a rough guide—your individual expenses may be higher or lower based on your situation.

Sources: NerdWallet, BabyCenter, United States Department of Agriculture, HealthCare.gov, United States Department of Labor.

To help offset some of the estimated costs in the table (which assumes you buy everything new):

- Put must-have items on your baby-shower registry.
- Join community parents' groups to hear about deals and hand-me-down offers.
- Try to buy secondhand or get reusable items for free from friends, family or consignment shops. (Note that the American Association of Pediatrics recommends buying car seats new.)
- If your company offers a health savings account (HSA) or flexible spending account (FSA), you can save money tax-free for qualifying health and child care costs

Resources

- **Cost Calculators.** Try out some online calculators to get a better idea of what it will cost you to raise a child. We like the ones on NerdWallet and BabyCenter (see links below).
 - nerdwallet.com/blog/insurance/baby-calculator
 - babycenter.com/baby-cost-calculator
- **What-to-Buy Lists.** You can find a wealth of articles and lists available online to help you figure out what to get for a new child, but the BabyCenter and What to Expect (whattoexpect.com) websites are two places to start. We recommend doing your own research or asking your friends or family for advice on what's essential before buying big-ticket items, then building your own lists of needs and wants from there.

The Greatest Gift of All?

IF YOU'RE A NEW GRANDPARENT (or great grandparent), you have a fantastic opportunity to help your children and grandkids. We're not talking about a hand with dishes, diapers, babysitting, toys, clothes or books—though those will all be appreciated, too. Instead, we think the greatest gift is to open up a 529 plan on the little bundle's behalf.

While there are different rules for grandparents and parents when it comes to 529s, you can still make a meaningful contribution to your grandbaby's education costs. Imagine if they could graduate from college with low (or maybe even no) student-loan debt. Wouldn't that be amazing? To find out more, check out our free special report here: adviserinvestments.com/reports/529plans.pdf.

- **Budget Trackers.** Aside from the Adviser Investments *Detailed Budget Worksheet*, our online client portal, Adviser Insights, can be linked to your financial accounts to help you easily track your spending and savings. Mint and Quicken provide similar online budgeting tools.
- **Adviser Investments.** If you have questions on how much insurance coverage you need, getting started with an education savings plan or about creating your budget, please call us at (800) 492-6868 or email us at info@adviserinvestments.com to see how one of our financial planners may be able to help you.

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