

NEW MOMS AND DADS FINANCIAL PLANNING CHECKLIST

Congratulations on the new (or soon-to-be-new) addition to your family! To help you create a secure financial future for yourself and your growing family, take these steps:



BEFORE YOUR BABY ARRIVES:

- DOUBLE-CHECK YOUR HEALTH INSURANCE. CONSIDER INCREASING YOUR ANNUAL FSA OR HRA CONTRIBUTIONS TO COVER ADDITIONAL COSTS.**
Find out about deductibles, co-pays and out-of-pocket maximums. You may need to come up with a few hundred or even a few thousand dollars to cover your hospital bill, depending on where you live, the type of delivery you have and your policy.
- PLAN FOR CHANGES IN YOUR INCOME.**
Short Term: Maternity leave typically pays only a percentage of your salary. Find out how much you'll be bringing home during this time so there aren't any surprises.
Long Term: If you want to consider cutting back on your hours or staying at home permanently, how much income will you lose? What's the impact on your 401(k)?
- PLAN FOR NEW-BABY EXPENSES.**
Between day care, diapers, formula and other expenses, plan to cover about \$14,500 in expenses for each of the first few years.
- GET A BUDGET GOING.**
With likely changes in both income and expenses, update (or create) your household budget. **Use the 20/60/20 rule:**
 - **20 percent** of your income should be set aside each month for saving and investing.
 - **60 percent** of your income should be spent on essential expenses – things like housing, transportation, food, health care, insurance and debt payments.
 - **20 percent** of your income should be spent on discretionary expenses, like entertainment, clothing, dining out, personal care and charitable contributions.
- BUILD UP YOUR EMERGENCY FUND.**
Even if you'd carefully planned for the cost of a new baby, what happens when the water heater goes out? Aim for six months of living expenses in an account you can access easily.
- PUT PROTECTIONS IN PLACE.**
Now that someone else will be depending on you, make sure your family is protected.
 - Get enough disability income insurance to replace your income if you get sick or injured and can't work.
 - Consider life insurance. With a little one on the way, you want to make sure he or she will be taken care after you're gone.



AFTER YOUR BABY ARRIVES:

- ALERT YOUR MEDICAL INSURANCE.**
Be sure to contact your medical insurance to add your new baby as a dependent.
- REGISTER FOR A SOCIAL SECURITY NUMBER.**
A birth registration form is usually provided to you at the hospital. Be sure to check the "yes" box for requesting a Social Security number for your child.
- DEVELOP AN ESTATE PLAN.**
Work with an attorney to have a will drafted, along with powers of attorney for health care and finances.

Name a legal guardian for your child in case something happens to you.
- CONTINUE SAVING FOR RETIREMENT.**
It may be tempting to stop funding your retirement plan while you have small children, but that can lead to bigger money problems down the road. Keep saving!
- DEVELOP A COLLEGE SAVINGS PLAN.**
If paying for your child's college education is a priority, start saving now. There are a number of plans available; a good financial professional can help you find a solution that fits your needs.

Get more information by downloading our Financial Bootcamp for New Parents guide:

<https://www.northwesternmutual.com/newparentsguide>



Take the New Parents Quiz

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