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## HOW TO FINANCIALLY PREPARE FOR YOUR FIRST CHILD: A 9-POINT SURVIVAL GUIDE



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From the sleep deprivation to the midnight feedings, your first child will represent a major—albeit wonderful—shift in the way you live. What’s more, your beautiful addition will also represent a shift in the ways you spend and save.

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Raising a child is [expensive](#)—the [USDA’s most recent report](#) (2013) estimates the total cost from birth to age 18 at \$245,340. So planning for your first child means also examining your finances and your future financial goals.

Here are nine ways to prepare financially for baby in just nine months.

### 1. Have a money heart-to-heart with your partner

How will a baby affect your plans to reduce debt or buy a home? How will saving for your child’s education affect your retirement goals? These conversations don’t always happen naturally, so it’s essential to put time aside to have them and make sure you’re on the same page. [Experts say](#) the most successful married couples are open about debt, finances, and big money goals. It’s not a revolutionary concept, but it’s something that can [help preserve the longevity of your relationship](#).

### 2. Budget, and be realistic

Will your baby really need that \$800 stroller you have your eyes on? It might be a worthwhile investment if you plan on having more children. But there’s no evidence that infants who ride in a stroller equipped with a phone charger and heated cup holder fare better than those who don’t.

Of course, it’s hard to know what to know what’s a good value and what’s not—especially for first-time parents. So do some research. [Baby Bargains](#) is the ultimate baby-gear review site. At \$19.95 a year, the subscription will quickly pay for itself as you save by avoiding non-essentials. And don’t forget to download the [free app](#) to connect with other parents and experts for advice and recommendations.

### 3. Crush your debt

If your credit card debt is high, you’re probably paying a lot of interest every month. Think about what else you could be doing with that money—for your future child and for yourself. Paying off your outstanding credit card debt with a [credit card consolidation loan](#) can help lower your payments each month. And you may even be able to pay it off sooner, too. Also, think about the dent you can make in your student loan payments by refinancing and consolidating.

**[Recommended: How to Leverage Home Equity to Pay Off Student Debt](#)**

### 4. Build an emergency fund

You can never be too prepared for the unexpected—especially when you’re expecting! Most experts recommend saving enough money to cover three to six months of living expenses for times when life throws you a financial curve ball. It’s a daunting amount, especially if you’re not saving yet. But don’t fixate on the big number; instead break it down to the amount you need save per week to reach your total, and then review your spending habits. Can you cut back on eating out, or rent movies instead of going to the cinema? When it comes to saving, small choices can have a big impact.

### 5. Make sure your family is protected

Life insurance is an [essential part of your long-term financial strategy](#)—and becomes even more important as you build a family. First, [determine how much you need](#). SoFi offers up to \$8 million in coverage without a medical exam (in most cases), and by [applying online](#), you save time that could be spent doing other important things—like picking paint colors for baby’s nursery.

### 6. Ramp up your savings

As you chip away at debt and build your emergency fund, do your best to [ramp up your long-term savings](#). Get creative. If yours is a two-income household, commit to stashing one salary (or a portion of one salary) in savings and living off the other. Also, make a plan to save pay raises and bonuses for the next five years. Upgrades to your lifestyle can wait a few years.

**[Related: How to Create a Budget You’ll Actually Follow in 6 Steps](#)**

### 7. Invest wisely for your future—and baby’s

Investing can be intimidating, but also rewarding. By preparing for your future, you’re preparing for baby’s as well by modeling good financial behavior. Start by talking to a member of the SoFi Invest team. You can invest confidently online—no need to arrange in-person meetings—and you can check your portfolio at 2am when you’re up with the baby. If you need extra support, SoFi’s advisors are just a phone call away.

### 8. Look into parental leave

If you’re currently working, you’re going to want to take some type of parental leave after your baby is born. Make a list of your questions about maternity and paternity leave before going to HR. Ask whether time off will be paid, and how many weeks you can take without compromising your position in the company. If your leave is unpaid, you might still have options. For example, your employer or union might offer a [short-term disability policy](#) to cover some or all of your salary for a specific number of weeks.

### 9 Plan for baby’s financial future

Your child’s financial future will depend a lot on your ability to help secure it early on. Open a savings account for your child, and deposit into it any money that’s gifted and a small amount of cash from you each month. Through the magic of compound interest, what starts out as a small amount of savings [can become a large amount over time](#) because you earn interest on the interest you’ve already earned.

You might also want to also consider a [529 savings plan](#) to start saving for your baby’s future education. You can always withdraw money from a 529 plan, and as long as it’s being used for education-related expenses (such as tuition, room and board, books, and computers), you won’t be taxed at the federal—and, in most cases, the state—level. If you use the money for anything else (e.g., credit card debt), you’ll be subject to tax penalties.

Planning for your first child is an exciting time. As you await baby’s first steps, take the necessary financial first steps—budget well, refinance your debt, and investigate life insurance and wealth management options. Once you do, you’ll spend less time worrying about money and more time enjoying your new family.



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