



Smart Financial & Insurance Moves for New Parents

As you start a family, consider these ideas.

MAY 14, 2019 · EDUCATION PLANNING

Being a parent means being responsible to a degree you never have been before.

That elevated responsibility also impacts your financial decisions. You are now a provider and a protector, and that reality may make the following financial moves necessary.

Think about a budget.

As a couple, you may have lived for years without budgeting. As parents, this may change. You will face new recurring costs: clothes, toys, diapers, food. Keeping track of weekly or monthly expenses will be handy. (The Department of Agriculture has an online calculator where you can estimate the total cost of raising a child to adulthood. The math may surprise you: the U.S.D.A. puts the average cost at \$233,610 for a middle-income family.)^{1, 2}

Take care of health and life insurance.

Your child should be added to your health insurance plan quickly. Most insurance providers require you to notify them of a child's birth within 30 days. You can get started before then; be aware that a Social Security number and birth certificate can take weeks to arrive in the mail. If you are in a group health plan, talk with the human resources officer or benefits administrator at work, and let them know that you want to add a dependent to your health care plan. (If you have coverage through a private plan, your premiums may go up after you notify the carrier.) Under the Affordable Care Act, a parent or legal guardian who has health

coverage arranged through the federal or state Marketplace has 60 days from the date of birth or adoption to enroll a child as a dependent on their plan; once that is done, health care coverage for the child will apply, retroactively.³

Term life insurance provides an affordable way for new parents to have some financial insulation against a worst-case scenario, and disability insurance (which may be available where you work) provides coverage in the event of an extended illness or injury that stops you from doing your job. If you have a Health Savings Account (HSA), you can contribute more per year when you have a child. The maximum annual contribution for a family is currently set at \$6,850 (and for the record, the I.R.S. is allowing families to contribute up to \$6,900 in 2018).⁴

Draft a will and review beneficiary designations.

A will can do more than declare who receives your assets when you die. It can also name a legal guardian for your child in the event both parents pass away. Additionally, you can specify a guardian of your estate in your will, to manage the assets left to a minor child. While you may have named your spouse or partner as the primary beneficiary of your IRA or investment account, you may decide to change that or at least add your child as a contingent beneficiary.⁵

See if you can save a little for college.

The estimated cost of four years at a public university starting in 2036? \$184,000, CNBC reports. That may convince you to open a 529 plan or have some other kind of dedicated college savings account with investment options. Most 529 plans require a Social Security number for a beneficiary, so they are commonly started after a child is born, rather than before.^{2, 6}

Review your withholding status and tax forms.

An addition to your family means changes. You may also become eligible for some federal tax breaks, like the Earned Income Tax Credit, the Adoption Tax Credit, the Child Tax Credit, and the Child & Dependent Care Credit.⁷

Keep the big picture in mind.

You still need to build retirement savings; you still need to have an emergency fund. Becoming a family might make accomplishing those tasks harder, yet they remain just as important.

After reading all this, you may feel like you need to be a millionaire to raise a child. The fact is, most parents are not millionaires, and they manage. Whether you are wealthy or not, you

will want to take care of many or all of these financial and insurance essentials before or after you bring your newborn home.

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment.

CITATIONS

Citations.

1 - cnpp.usda.gov/tools/CRC_Calculator/default.aspx [9/20/18]

2 - tinyurl.com/y8rlmm7w [2/26/18]

3 - healthcare.com/info/health-insurance/baby-health-insurance-newborn [10/18/17]

4 - tinyurl.com/ya5g75ez [5/1/18]

5 - everplans.com/articles/what-does-a-guardian-of-the-estate-do [9/20/18]

6 - cnbc.com/2018/05/07/this-is-how-much-parents-need-to-save-to-cover-college-bills-in-2036.html [5/7/18]

7 - efile.com/tax-deductions-credits-for-parents-with-children-dependents/ [9/20/18]

E / contact@6meridian.com • *P* / 316.776.4601 / 855.334.2110 • *F* / 316.776.4620

WWW.6MERIDIAN.COM • 8301 E. 21st Street N. Ste. 150, Wichita, KS 67206

Securities offered through Private Client Services LLC, Member FINRA/SIPC. Advisory products and services offered through 6 Meridian LLC, a Registered Investment Advisor. Private Client Services LLC and 6 Meridian LLC are unaffiliated entities.

6 Meridian LLC is a Registered Investment Adviser. This fund sheet is solely for informational purposes. Advisory services are only offered to clients or prospective clients where 6 Meridian LLC and its representatives are properly licensed or exempt from licensure. Past performance is no guarantee of future returns. Investing involves risk and possible loss of principal capital. No advice may be rendered by 6 Meridian LLC unless a client service agreement is in place.

Material discussed is meant for general illustration and/or informational purposes only and it is not to be construed as tax, legal, or investment advice. Although the information has been gathered from sources believed to be reliable, please note that individual situations can vary, therefore, the information should be relied upon only when coordinated with individual professional advice.