

Starting a family

Whichever way the cookie crumbles,
turn fortune in your favour...



Joy and surprises

For most couples, the birth of their first child means surprise, anticipation, awe — and some major financial changes.

There are immediate needs such as equipping the nursery, plus day-to-day costs like nappies and clothes for a rapidly growing little person. More costly still could be a change of car or the need to move to a larger home.

Like many people you may think you will just 'make it work' financially, but that can have mixed results. To manage these changes, and maintain some work-life balance, you will probably need to re-assess your finances when you move from being a couple to a family.

Financial advisers can offer long-term guidance or targeted advice when you need help to manage specific events in your life.

An adviser works through the details with you to create a plan, including your:

- goals and aspirations
- income and spending
- superannuation and tax
- investments and major assets.

Weighing up the issues

Most new parents will have little hesitation in drawing on the expertise of others if they feel they need to, people like doctors and health centre staff, parents and family members, and even an online mothers support group. Similarly, there are experienced professionals who can help you assess your financial needs and plan for the future of your new family by providing sound and informed financial advice.

There are countless issues to be explored well before the birth date. Are you eligible for government or employer-sponsored parental leave, or the baby bonus? Should you renegotiate either parent's employment package to include childcare or a new car? Does your company superannuation plan include salary continuance, death and permanent disability cover, or is there another insurance product which better suits your situation?

As eligibility and payment levels vary considerably, it will be especially important to assess the impact of any parental leave payments on the family income, and how long that situation will continue.

New baby = new budget

With or without paid parental leave, many mothers plan to return to work, perhaps for financial reasons or to continue to achieve their career goals. If both parents are back at work, the family needs to budget for the cost of childcare which can eat into income, as well as put aside something for future costs such as education. A realistic budget, one which helps you plan for your new needs and responsibilities, is often an important first step.

A financial adviser can walk through the issues with you, and work in tandem with your accountant if tax questions come up. This will ensure you can provide your family with all the essentials, from recurring monthly expenses to future education costs and income protection. This will bring you peace of mind, and leave you free to prepare for the happy arrival.

A life changing event

Jason and Bree married three years ago and they are expecting their first child very soon. "It was kind of planned," said Jason, "but it actually happened about a year before we meant it to, so we're excited and delighted, but not quite prepared."

"I work for a great company and I have paid parental leave," says Bree. "I'm excited about spending time with our baby, but I also plan to go back to work when my leave is over. I think we can manage it."

After discussing their situation with work colleagues and family, Bree and Jason decided that they would benefit from talking with a financial adviser. "We needed help to set our priorities," explained Jason, "so we contacted a financial adviser, sat down with her, and then we worked out a plan to give us a better chance to reach our goals."

"I know that childcare will chew up a lot of my salary when I go back to work, but not all of it," added Bree. "We are aiming to save hard and trade up from our unit to a house within two years, hopefully."

The adviser helped Bree and Jason work out a new budget, restructure their insurance policies to improve their cash flow, and implement an investment for the baby's future education. Jason said, "It's a bit scary at times, but we can't wait for our baby to be born."



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