

Financial tips for new parents



The world looks different when you have a new baby in your arms. Many things in your life, including your finances, may take a back seat as you adjust. But it's important to begin thinking as early as possible about how this new chapter called "parenthood" will impact your budget and your goals for the future.

Here are a few tips to keep your finances on track

- ▶ **Consider disability and life insurance.** Such coverage can help protect your family by making sure financial resources are there for them if you or your spouse become disabled or die.
- ▶ **Save for college, but don't shortchange retirement.** Saving for retirement and your child's college education at the same time can be a challenge. If money's tight, consider prioritizing your retirement. While your child will typically be able to borrow for college and may even land scholarships, you won't be able to take out a loan to retire on. Ideally, though, try to save at least a small amount for college while allocating a much bigger portion of your savings to retirement.
- ▶ **Build an emergency fund.** A child ups the ante on the need for an emergency fund. To protect against the risk of a job loss, home repair or any other unforeseen financial hardship, try to set aside enough savings to cover at least three to six months of basic living expenses.
- ▶ **Take advantage of tax deductions.** For many working parents, childcare can be as expensive as a mortgage. Fortunately, tax breaks can help. For example, the Child and Dependent Care Credit can cover 20%-35% of eligible expenses, depending on your income, with a limit of \$3,000 for one child or \$6,000 for two or more children.
- ▶ **Create or update essential estate plan documents.** Protect your assets and your loved ones' financial and emotional wellness with a will and trust, beneficiary designations, powers of attorney, a living will and a letter of instruction. Also consider whether one or more trusts would be appropriate in your situation.

A conversation with an EY planner can help you address your goals, improve your financial habits, and move you toward greater financial security and peace of mind.

Pension Boards-United Church of Christ provides access to financial planning through Ernst & Young LLP (EY) at **no cost to you.**

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+1 877 927 1047

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