

Baby-ready In Nine Months

Parenthood demands special financial care

A baby will change your life - and your finances. Take a deep breath and take heart:

Here are nine ways to prepare financially

MONTH 1: Ready, set, save Pay down debt and start an emergency fund with three to six months' worth of living expenses.

MONTH 2: Budget, baby Your post-baby budget will depend on many factors. To figure out how the numbers shake out based on your parenting decisions, check out BabyCenter.com's First-Year Baby Costs Calculator (baby-center.com/baby-cost-calculator). And don't forget to talk to your financial advisor, too. Having a baby is a major life change that could impact your goals and financial plan.

MONTH 3: Take care of childcare Investigate your childcare options early. Perhaps a family member could care for the baby while you work, or you could share a nanny with another couple. To increase parent-baby bonding time, you and your partner might both consider taking leave under the Family Medical Leave Act, or paid family leave if offered. Fill out the FMLA paperwork as soon as you know the estimated dates of leave and return.

MONTH 4: Break the news at work Many women wait until after the first trimester to tell their boss about their pregnancy. Others wait until their baby bump calls attention. Just make sure to communicate in a professional way and expect to answer questions about your return to work after delivery. Think about telecommuting or job-shar-ing options, and remember, federal law protects mothers from unfair hiring and firing practices.

MONTH 5: Gather diapers and wipes The amount of baby stuff pitched to new parents can be overwhelming. All you really need is a new car seat, diapers, wipes, clothing and a place for baby to sleep. The rest is optional, and you can save money (and the environment) if you buy some gear secondhand. Just be sure to do your research and check for recalls.

MONTH 6: Get savvy about insurance Put a plan in place for the unthinkable. Review the life insurance offered by your employer, then consider supplementing it with a term or whole life policy. Disability insurance is also a good idea - between the ages of 35 and 65, you're more likely to become disabled than die. Your advisor can help guide you toward coverage that best fits your situation. One last

thing: Make a reminder to add your baby to your health plan as soon as possible after birth.

MONTH 7: Make a will You'll need to plan for the care of a minor child in the event both parents die at the same time. Work with your financial advisor and qualified estate attorney to make sure your bases are covered. And if you already have an estate plan in place, be sure to review and update your documents with the appropriate beneficiary information.

MONTH 8: Sock away money for education You've been saving since the start, right? If you've got surplus dough in the bank when junior arrives, you can use it to start a college savings account. Choose from a 529 savings plan or a Coverdell Education Savings Account, among other options. However, don't divert funds from your retirement account to the college fund.

MONTH 9: Reap the tax benefits In 2014, you can claim a \$3,950 exemption for having a child, as well as a refundable child tax credit of up to \$3,000. You also may want to adjust the amount withheld from your paycheck for taxes. The first year of baby's life is hectic - checkups, first smile, first teeth, first steps - so it's a good idea to get as much done before delivery day as possible. When your little one arrives and your to-do list is checked off, you'll thank yourself for baby-proofing your finances. Parenthood demands special financial care A baby will change your life - and your finances. Take a deep breath and take heart: Here are nine ways to prepare financially.

9MO. CHILD-RELATED EXPENSES AVERAGE \$12,600 - \$14,700 EACH YEAR

U.S. Department of Agriculture

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