

Thinking of Having Kids? 4 Ways Your Expenses Can Skyrocket

Expecting? Here are some costs you may not be anticipating.



As you've been told over and over, once your bundle of joy arrives, there will be some crying in the middle of the night. But try to keep the sobbing to a minimum. You might wake up the baby. That's right. New parents have reasons to bawl as much as the baby. The U.S. Department of Agriculture just released its annual report, showing what it costs to raise a child, and as usual, the report involves very grown-up numbers. From the crib to the college years, married, middle-income parents will spend an average \$233,610 on their children. If you're on the lower side of the income scale, you may spend closer to \$174,690, and if you're bringing in the bucks, expect to spend as much as \$372,210. These numbers are a 3 percent jump from the previous yearly report.

Of course, everyone knows that the cost of baby furniture, diapers and formula, if you aren't breast-feeding, will be merciless on your household budget. But that's sort of the problem. Some expenses get all the attention, and others, not as much. Plus, in your excitement and fear of what's coming, it's hard to think of *everything* you're going to be paying for that you previously weren't. If you're expecting, here are a handful of the many expenses you may not be expecting.

Day care. If one parent isn't staying home with the baby, you probably are thinking about day care costs. But you may not be thinking about it soon enough, says Krista Cavalieri, a financial planner in Columbus, Ohio, and mom of two young children. Moms and dads, she says, "think

they will sort it out when they are closer to the end of their pregnancy not knowing how crazy it is out there."

She isn't talking about only the expense but the waitlist at many day care centers. Cavalieri's first baby was due in June 2014, and she began looking for day care in January. That's when she discovered that the waitlist at many facilities was stretching out to Feb. 2015. You may want to start looking and discussing wait lists with prospective day cares when you're planning on conceiving, so the moment you get the good news, you can make that phone call.

"The price is also another shock," Cavalieri says.

Day care costs vary wildly depending where you live. The most expensive state for day care is Massachusetts. On average, you'll pay \$17,062 a year to have full-time infant care at a facility, according to the National Association of Child Care Resources & Referral Agencies' 2016 report. The least expensive state is Mississippi, where you'll pay, on average, \$4,822. On the plus side, costs will go down a bit, as your child gets older.

"The cost for the infant room where we are is \$1,400 a month. ... Layer in another kid and our monthly cost of day care is \$2,300," Cavalieri says.

Budget blowouts. And if you can't budget well, you can't save money as easily.

Hannah Ash, a marketing communications specialist in Providence, Rhode Island, has a 4-year-old son who had colic as a baby. Naturally, her and her husband's sleep suffered.

"That makes things like budgeting in advance, meal prep, couponing – well, you name it – so much more difficult to properly manage. We definitely took a hit because we didn't have the time and energy," Ash says.

Along those lines, Julienne Derichs, a licensed clinical professional counselor in Highwood, Illinois, says that you can offset some of your future household budgeting problems by talking a lot about money with your partner before the baby comes.

"Many couples just wing it and find they are very unprepared for the emotional, financial and time crunches that come with their growing family," Derichs says. "New parents often don't want to think about this, but it's a good guideline to plan for the worst and hope for the best."

Along those lines, a lot of parents aren't ready for the loss of one income if the mom stops working and doesn't have paid maternity leave – or opts out of the workforce entirely.

"Since most moms don't have a funded maternity leave, we have to self-fund it," says Kimberly Palmer, District of Columbia-based author of "Smart Mom, Rich Mom," and U.S. News' former personal finance editor.

She says, "Ideally, as soon as you know you're pregnant or even earlier, you can start setting aside the equivalent of \$1,000 a month for the expense of child care or live off of one income so you can see what it feels like to go without that paycheck before it actually happens."

Life insurance. This is a must. Improbable as it sounds, something *could* happen to you, and one of your worst nightmares is likely the thought of departing without leaving a financial safety net

for your baby. Buying life insurance the moment you know you're going to have a baby is "essential," Palmer says.

"But the good news is that if you are healthy, it's pretty affordable for most 20- and 30-somethings," Palmer says. "A half-million-dollar policy with a 30-year term will typically run you under 50 dollars a month."

A car. You may not need to buy a car, but David Hryck, a tax attorney in New York, points out that plenty of parents realize they'd rather have a bigger or more reliable vehicle than what they have – and a big, consistent, unplanned car payment over the next several years is an easy way to destroy your budget.

Whatever your expenses, large or small, Hryck says, "I always recommend that people create an account that automatically takes a certain percent from each paycheck. This particular account will be solely used for baby-related costs."

And by putting money aside as early as possible – and solely for baby expenses – you may sleep a little better at night. For a few hours, anyway.

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