

# 2021 · WHAT ISSUES SHOULD I CONSIDER WHEN HAVING (OR ADOPTING) A CHILD?



CASH FLOW ISSUES	YES	NO
<p><b>Do you need assistance to determine how much it will cost to raise a child?</b> If so, consider the possible healthcare, childcare, and college education costs.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need help with your new budget?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>You may need to review your budget to find areas to save on current expenses, while appropriately increasing or adding new expense categories to accommodate your growing family.</li> <li>You may need to reassess your long-term financial goals to align with your updated cash flow.</li> <li>You may need to increase your emergency fund to account for any new expenses.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Will you and/or your partner take maternity/paternity leave?</b> If so, consider how this will impact your cash flow and savings.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you want your partner (or yourself) to stay home to raise children?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>The impact on your cash flow and savings.</li> <li>The impact on your emergency fund due to living on one income.</li> <li>The possible impact on employer benefits such as health and life insurance.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do both you and your partner expect to return to work?</b> If so, consider the cost of daycare or a nanny and the impact on your household budget.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to check to see if your employer offers any benefits (childcare subsidies, maternity/paternity leave)?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Beyond what you have saved, do you need additional cash to cover any costs related to having (or adopting) a child?</b> If so, consider taking a distribution up to \$5,000 from your traditional IRA, within one year of having (or finalizing the adoption of) a child. The distribution is taxable as ordinary income but there is no 10% penalty.</p>	<input type="checkbox"/>	<input type="checkbox"/>

ASSET & DEBT ISSUES	YES	NO
<p><b>Do you expect your child to receive cash gifts?</b> If so, consider opening a custodial account (UGMA or UTMA) and possibly a 529 account.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Does your employer offer a Dependent Care Flexible Spending Account?</b> If so, consider making contributions to the account. The account can be used to pay for qualified childcare expenses.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you have an HSA?</b> If so, you may be able to contribute \$3,600 (\$7,200 for family) and an additional \$1,000 if you are age 55 or over. See "Can I Make A Deductible Contribution To My HSA?" flowchart for details.</p>	<input type="checkbox"/>	<input type="checkbox"/>

INSURANCE PLANNING ISSUES	YES	NO
<p><b>Do you need to add your child to your health insurance policy?</b> If so, you generally have 30 to 60 days to do so.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to find a doctor or pediatrician in your insurance network?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to review life insurance and disability coverage?</b> If so, consider increasing the amount of coverage you need (to fund future child-related expenses such as college costs).</p>	<input type="checkbox"/>	<input type="checkbox"/>

TAX PLANNING ISSUES	YES	NO
<p><b>Is your Modified Adjusted Gross Income (MAGI) below \$200,000 (Single) or \$400,000 (MFJ)?</b> If so, you may qualify for the Child Tax Credit. The credit is worth up to \$2,000 per qualifying child. (continue on next page)</p>	<input type="checkbox"/>	<input type="checkbox"/>

# 2021 · WHAT ISSUES SHOULD I CONSIDER WHEN HAVING (OR ADOPTING) A CHILD?



TAX PLANNING ISSUES (CONTINUED)	YES	NO
<p><b>Do you have child or dependent care expenses that were required in order for you and your spouse (if applicable) to work or search for work?</b> If so, you may be eligible for the Child and Dependent Care Tax Credit, which is worth up to a maximum of \$1,050 for one qualifying child and \$2,100 for two or more qualifying children (subject to restrictions).</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Is your MAGI below \$256,660, and did you adopt a child?</b> If so, you may be eligible for the Adoption Tax Credit, which is worth up to \$14,440 (subject to phase-out restrictions).</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to update how much is withheld from your paycheck?</b> If so, consider updating your W-4.</p>	<input type="checkbox"/>	<input type="checkbox"/>

OTHER ISSUES	YES	NO
<p><b>Are there any state-specific issues that should be considered?</b> If so, some states offer state tax benefits (state-level Child Tax Credits, 529 contribution deductions or credits, etc.).</p>	<input type="checkbox"/>	<input type="checkbox"/>

LONG-TERM PLANNING ISSUES	YES	NO
<p><b>Do you want to start saving for your child's education?</b> If so, reference "What Issues Should I Consider To Fund My Child's College Education" checklist.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you want to start saving for future expenses for your child (such as a wedding or college)?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you need to review your beneficiary designations and estate plan?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ Consider how the estate plan should be changed (such as needing a trust and trustee).</li> <li>■ The child, or a trust for the benefit of the child, could be added as a contingent beneficiary to many accounts.</li> <li>■ Appoint a guardian for the child if something were to happen to you and your partner.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>